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[Ontario].

STATEMENT

BY

THE GOVERNMENT OF ONTARIO

TO

THE ROYAL COMMISSION

ON

DOMINION-PROVINCIAL RELATIONS

3 vol. in 1.

Book I.

PRIME MINISTER'S STATEMENT

Book 2. - General Statement

Book 3. - Appendix and Tables.

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STATEMENT

BY

Honourable Mitchell F. Hepburn

With my first words, may I convey to your Lordship, and to your colleagues, the greetings of the Province of Ontario.

Mr. Chairman, you need no welcome from me; this province claims you as a son and prides itself upon your distinguished career. Few there are so richly endowed for service; and few, if any, who have served their country in so many capacities—and served so well. You have been rewarded with the admiration of the Canadian people, the affections of the people of this province.

And, now, may I express a long deep note of discontent. The first notice the Premier of this province received that a Commission had been appointed to investigate the relations of the provinces with the central government came at the breakfast table, from a morning newspaper.

I was perplexed. Perhaps, I should have surmised something of the sort was around the corner from something the Prime Minister had said a year ago in the House of Commons. My attention is frequently called to the Right Honourable Gentleman's speeches but somehow I missed that one, and, upon enquiry, I learned that the Premier of another Province had also missed it.

But surely the provinces are not to be penalized for inattention to the Hansard of the House of Commons; surely the objective of this Commission bears so directly on the affairs of provincial government that all the provinces should have been consulted about the appointment of this Commission; and I suspect several of the provinces were consulted. For shortly after this Commission had emerged from the contemplative stage to reality, the Premier of Manitoba appeared before the Commission with thick volumes expressing views and proposals, "arrived at" (he said) "after long and careful inquiry". And I said to myself: "How long has this thing been going on".

The answer came from an unexpected quarter. The budget speech of the recent session of the Legislature of Manitoba let the cat out of the bag; in fact, several cats. The members of Manitoba's Legislature were told (and I thought, with a boast) that active work in preparation of Manitoba's case before the Commission had commenced almost three months before the terms of the reference to this Commission had been made public. The Minister went on to say:

"On June 3rd, 1937, I attended a Conference at Regina at which the Governments of the three Prairie Provinces were represented. At this Conference we sought to find a basis upon which problems common to the three Provinces could be most efficiently and economically analysed for presentation to the Rowell Commission".

Mr. Chairman. Budget speeches are not offhand deliverances; their words are weighed, with care, and on the authority of a Minister of the Crown, we are informed that Manitoba was conferring with Saskatchewan and Alberta about proceedings before the Rowell Commission before most of us, at least, the Premier of Ontario, knew there was to be a "Rowell Commission".

Not the least significant act of the Regina Conference was the employment of two professors of American Universities, and one of them "an adviser to the United States Treasury" — to assist in preparing a case against the Canadian Treasury.

Mr. Chairman. When I learned these things, my perplexity turned into something else. The matter went deeper than discourtesy to the province for whose affairs, with my colleagues, I am responsible; in fact, it went to depths and widths I hesitate to describe in words before this Commission.

The matter I have been discussing has several folds of significance. For one thing, it illustrates the manner in which political business is conducted (and perhaps throws a side-light on the decline of democracy). Let me stress the point for it bears directly on my position before this Commission.

Several months back, while preparing for a session of the Legislature, a copy of the evidence taken before this Commission at Winnipeg was laid on my table. As you will recall, sir, included in those briefs were two Accounts Rendered; one for \$47,000,000 a year, for the period 1931-36, and, the other, for \$58,000,000 a year without time-limit. Since then, I seem to have been receiving, almost daily, copies of other briefs submitted to this Commission; and what am I now to say about them? I confess I have not

read most of them. To read them was impossible within the time at any Premier's disposal; and yet, I suppose most of them concern, in some respect, the business of this province.

Further—important as it is—this Commission is not the only one launched upon us. The other day I received the thick Report of a Federal Commission that had investigated the textile field and my province is intensely interested in textiles; I had barely opened the pages of that Report when I received another Report; this time, from a Federal Commission on Unemployment; and I am told another Commission, at Ottawa, is in the throes of giving delivery to still another Report.

Of course this Government is concerned over the reference to this Commission; and particularly over the Account Rendered at the instigation of the Regina Conference. I say, particularly, for if entertained, about half of those many millions a year would have to be taken out of the already half-emptied pockets of the people of this province.

Surely, the people's money is not to be disposed of by millions that way. If the case of the Regina Conference had not broken down in the telling one can well imagine a very, very serious situation might have arisen within Confederation.

Further, it is the considered opinion of this Government that this Commission should not have been appointed by Order-in-Council; the dignity of this Commission—the gravity of its mission—warranted appointment by the Parliament of Canada. Only a few weeks ago the Prime Minister of Canada held that the export of a certain commodity should not be licensed by Order-in-Council (although to issue a license was clearly within the power of Council, and indeed, for years, the practice); it was contended that relations with a foreign power deserved parliamentary action. The provinces are entitled to no less regard.

May I, with all respect, go further to say that matters concerning the structure of Confederation should not have been assigned to a commission (no matter the distinction of its membership). There may be different views as to the approach to Confederation; personally, I have always regarded Confederation as the outcome of conference. Holding that opinion, I hold that even the senior partner should not have empowered a commission to proceed as your reference runs, "with re-examination of the economic and financial basis of Confederation". If there is to be change in Confederation (in my opinion) it can be brought about only by renewed

conferences of the representatives of the people and with unanimity of approval.

It follows that the Province of Ontario is not before this Commission either as an applicant or as a defendant.

Later on, I shall have some comments to make as to the opinions presented to this Commission and more particularly as to the briefs prepared at the instigation of the Regina Conference directly concerning the finances of this province. The Ministers and officials of the province will lay before you certain statistical memoranda, with observations; but, decisively: we are not here to bargain away functions with which we have been charged, not here to trade off the resources we are sworn to preserve.

When, in the initial transcript of the hearings of the Commission, I found the Premier of Manitoba offering to transfer provincial revenues and jurisdiction to the central government in exchange for assumption of debt (and other things) with a warning that the essential parts of the offer had to be accepted, or the deal was off; I wondered how the thing could be done.

We make no pretension to such a power. For us, the Cabinet is now, as it was in its inception—a committee of the representatives of the constituencies. In Ontario, the people are the sovereign power.

We do not hold that the Constitution is inviolable just because it will be a year over three score and ten, next July. The Constitution exists for the people. This Government fully realizes — as runs your mandate—that governments are now-a-days called upon for services that were not foreseen at the time of Confederation.

Canada is not alone in falling upon new times. How people may adapt themselves and their political institutions to the social and economic pressure of to-day is quite the most important thing on earth. Are modern demands upon governments such that people may no longer govern themselves? European nations seem to have generally answered in the affirmative. Looking across the Atlantic we can observe social orders crumbling, like chalk, under the iron-hand of concentrated power. Only people deeply grounded in individualism have been able to hold on to freedom.

Is our vision blurred at home? I do not, for a moment, suggest there is a formidably deliberate plan to destroy our parliamentary institutions;

I do say: were the men of 1837 to take stock of our politics, in 1938, they would find little left of the political ideals on which they placed such store. And the Manitobans have protested the intrusion of executive power, saying:

"In our view it is a sound principle that the taxation of imports should be a matter of decision by the Federal Parliament and we believe that the development in recent years whereby import duties may be levied by decisions of the Governor-in-Council, or the Minister of National Revenue, or the Department of National Revenue, constitutes an undesirable method of levying taxation".

Of course I agree with that statement; but I must say it is passing strange the constitutionalists of Manitoba should have strained at an Order-in-Council dealing with spinach, and swallowed one, empowering a re-examination of the terms of Confederation. May I add: if the constitutionalists had been looking for an illustration of autocratic, executive action on tariff matters, they might well have turned to the year 1936 when the Governor-in-Council forgot all about the existence of a parliamentary-created Tariff Board, revised the tariff on the greater part of the trade of Canada and only after the rates had been in effect for weeks were the representatives of the constituencies called upon for ratification.

Before deciding that our political structure is out of joint with the times, surely, it is the part of wisdom to make sure we understand its design. For reasons we cannot stay to discuss, our grandfathers were definitely and bitterly opposed to the concentration of political power; and when, in the course of events, they came to have political power over themselves, they deliberately dispersed it. Some power they gave to the municipalities, some, to the provinces, and some, to a central body. Now we are told we have too much government; and I agree.

Beyond doubt there is gross prodigality—woeful waste—in public administration; but we may have economy under the present political framework. There is overlapping of functions between the central and provincial bodies; but we may correct it, without destroying the balance set up for the insurance of self-government. In short, I am about to contend that by re-arranging the public services, we may eliminate waste, increase efficiency and, at the same time, bring government closer to the people — all without changing the Constitution.

Certain matters of public administration would probably have been better with the provinces from the beginning; probably, the Federal Gov-

ernment assumed certain functions because it was originally charged with administering Territories in the process of settlement, and held on after the Territories became Provinces.

Canada is a country of distances; and travel to a Capital located mid-continent is expensive. Departments requiring frequent public attendance would probably be the better for decentralization.

Distance leads to diversity. Agriculture takes on sharply divergent form in Quebec, Ontario and Saskatchewan. The best drawn Order that ever came out of Council, at Ottawa, will not profitably yield maple sugar on the prairies, nor strong wheat in the Niagara Peninsula. When we speak of "mines" in Ontario, we do not think of "mines" as the Nova Scotians usually do. The diversity of the factory is notorious. I feel certain that the blanket factory at Sifton, Manitoba is quite unlike the blanket factory at Lindsay, Ontario. And the living conditions of industrial labour are different.

These things are mentioned, not to contend that the Federal Government should yield functions to the provinces, rather to point out where economies may be effected. Without doubt Federal Ministers in charge of departments that over-lap provincial departments can stake a claim to valued services; but I question there would be material loss of efficiency by transference to the provinces. At any rate, if we are to have economy in public administration, we should begin to practice it; if we have a regard for the tax-payers beyond an expression of kind words, we should cut down the expense of government. There is no wishing well.

These things are trite. What has happened in modern times to necessitate changes in the set-up of our Constitution? What of these social services unforeseen by the Fathers of Confederation? How shall we distribute them among our several governing bodies? You have heard much of the nature and need of modern social services the past several months; and now, Mr. Chairman, I want to discuss the relative capacity of governments to administer those services.

The bare mention of the subject reminds one of the accumulation of functions by the Federal Government since Confederation, and one might well say, within the lifetime of the present generation.

The Statute of Westminster is supposed to have made a nation of us. Canada has Ministers at foreign courts and consular agents everywhere! Canada makes treaties with foreign nations! Canada is represented at

the League of Nations! And all these things have been added to the Federal Government since Confederation.

Within the past few years the Federal Government has taken on the duty of regulating the volume of the credit of the country. Indeed, it has set up business as a banker for the bankers and proposes to relieve the provinces of some of their financial duties.

The Fathers of Confederation did not foresee the airplane—the Federal Government made a department of it. The Fathers of Confederation never dreamed of the radio—and the Federal Government now uses it to broadcast news and advertise coffee, and other things (even on the Lord's Day) taxing the people for the privilege of listening in.

Within the memory of many of us, the Federal Government acquired ownership of transcontinental railways, with several thousand miles of branch lines; it sails ships, runs hotels, operates news-stands and barber shops and laundries—and loses about fifty millions a year. Now the Federal Government reaches out for a share in the control of the traffic on the highways.

War! The requirements of modern warfare have no end. The strain on governments is not merely great; it is terrific. During the Great War we were constantly being told of "the last ounce" that was being thrown into armament; and now Ottawa proceeds to re-armament.

And I repeat my question: shall we place the "new services" with the Federal Government or with the provinces?

The answer does not depend wholly upon what we want governments to do for us; it depends upon what governments may do to us, once they are seized with power. For we are a stupid people if we imagine ourselves immune from the consequences of concentrating power in few hands. We may not disagree over the lessons of the times; and all time. The accumulation of power leads to autocracy; its distribution is the safety-zone of democracy.

The facts and finances with respect to our social services will be placed before you. I shall only touch upon several phases of the subject that give us deepest concern. As you will realize sir, we have had no trouble in thinking of things we would like to do for people who need things, and cannot provide them out of their own earnings; our trouble (as apparently with the other provinces) is to provide those needs out of other peoples' earnings. Perhaps the problem may be expressed in tabloid form:

(a) under the capitalist system the revenue for social services has to be raised by taxation with a result that:

(b) the taxes are usually (not always) added to prices, and higher prices are inevitably met with decreased consumption, and consequent unemployment,

(c) and an expansion of social services, requiring additional taxation.

Never was there a more vicious circle; never anything — save war — more charged with disaster to civilization. Strong creditor nations have suffered economic paralysis by the diversion of income into public channels; and Canada, on a *per caput* basis, is one of the world's notorious debtors.

It is an unpleasing picture; and yet it remains to trace in its darkest lines. They are not imaginary—those lines—they are to be found in real life: you may have them alike from Moscow and Berlin; from Vienna and Rome. Dr. Osthold, writing in an English bank review submits that a state which distributes "more than 20 per cent of the national income to annuitants and unemployed without any return cannot tolerate disturbance in economic conditions." It was a matter of life and death says Dr. Osthold: "for Germany to abandon all disputes whether of *political parties* or concerning labour conditions, and to attain unity of policy for state, people and industrial economy. Any other alternative must perforce have resulted in anarchy."

It is not a sufficient answer to say: Canada is unlike Germany, and unlike Italy, and unlike other European countries that changed their constitutions to place power in the hands of governments that they might have "a common standard of public and social service." May I go on to apply Dr. Osthold's observation of the effect of centralization to the problem you are specifically called upon to examine — Federal-Provincial Relations. He says:

"The second requirement is being satisfied by the disappearance of the Confederate States as separate political entities; they now exist only as administrative units under Imperial Intendants, and in the future they will be wholly absorbed in a new territorial subdivision of the Reich."

You may have thought, Mr. Chairman, that I was wandering afield when I drew upon European experience in these vexed matters about which we are presently concerned; but surely it is now quite obvious, from other peoples' experience, and from our own, that Canadians ought to

strengthen the hands of government closest to the people—or get ready to look back on the past seventy-five years as merely an interlude of freedom.

How then are we to have “uniformity” of social services in Canada, for: say, wage codes and unemployment insurance? This government is committed to a policy of unemployment insurance. When the Prime Minister of Canada wrote stating that the Federal Government was ready to provide that service I promptly promised the cooperation of this province because the matter had been so recently discussed with the people; but subsequent events have led me to consider the matter may be better left with the provinces; for no sooner had the matter been talked about than the capitalized wheat-growing interests of the West began a drive for crop-insurance. Frankly, Mr. Chairman, I am not to-day prepared to express dogmatic views on this phase of the subject. It may be in a country with Canada's economic diversities, “federal codes” are impracticable.

The principle of insurance, I take it, depends upon the feasibility of predicting, with a measure of assurance, what is likely to happen in the future. The injection of the prospects of “wheat crops” into the scheme of insuring wage-earners alters the picture. Further, if the farmers are entitled to “unemployment insurance” when they have no crops, their employees are even more entitled to claim on the insurance fund. And we have but to look at the nature of farm employment in the West to observe that it is a highly uninsurable risk. The number of farm workers (male) for the three Prairie Provinces is recorded by the last census as follows:

PRAIRIE FARMS

Hired Help—1936
(Male only)

	Members of the Family	Temporary Employees	Permanent Employees
Manitoba	83,070	44,049	5,782
Saskatchewan	184,816	118,826	11,426
Alberta	130,504	89,764	9,268
TOTAL	398,390	252,639	26,476

Already we have industrial codes in this province. The industrial diversity of Canada, with the diversity of living conditions, does not require amplification. I mention the matter to suggest that when “codes” are required it may be they are better arranged by “Compact” between

the provinces than by federal legislation. As you know across the southern boundary an attempt at social legislation has been made by "Compacts" between the states and, with only partial success, by reason of the number of states.

Canada does not have to face that difficulty. We have but nine provinces. Already Ontario has had helpful conferences over proposed social enactment with Quebec; and Ontario is ready to co-operate with all the provinces, whenever it is found desirable to equalize social conditions.

At first sight it may appear a paradox that uniformity of social legislation should not bring about uniformity of consequences; but, on second thought, it is plainly so with nations; and it may be so with the provinces. "Compact" is designed to contribute to social security for of course enactments arrived at, after conference, should not be abrogated, or even amended, without further conference. One needs but think of the changes in the tariff schedule, since 1930, to observe the Federal Government's contribution to social insecurity.

If it is proposed that re-adjustment be in the form of assigning more duties to an already overburdened, central government, more power to a government that has already departed from the well-thumbed practices of parliamentary institutions, then sir, we have but to look across the Atlantic to read the destiny of the Canadian people.

If, however, it is proposed that the provinces shall take over additional functions, it remains to consider whether the revenues required for the purpose shall be supplied by (a) further federal subsidies or (b) by an assignment of taxable sources that, by their nature, are related to the specific services requiring expenditures.

The Controller of Finances will deal at length with taxation; but I shall stress the fact that many of the so-called modern social services arise out of the development of modern industrialism. The farmer's lot is a hard one; but it takes on generally different form, and requires a different treatment than the desperate plight of the wage-less — and often homeless — urban factory worker.

It follows that the provinces charged with social services should make the initial levy on incomes arising within the provinces. The federal income-taxing officer should step in only when the provincial needs have been satisfied.

Whatever our disagreements, I take it we agree that it is poor politics, and worse economy, that one government should tax for another to spend.

Confederation began with provincial subsidies—apparently with reason—and since then, the demand for still “better terms” has been interminable (and sometimes with slight reason). The Controller of Finances has a statement to make as to the subsidized relations of the provinces within the Dominion.

Equality between the provinces is impossible. Prince Edward Island can never be like Manitoba; Ontario may not have the coal and petroleum with which Alberta is so richly endowed; and yet, somehow, we must get along together. The provinces are fiscal entities; and governments, like individuals, must learn to manage within their means.

When a government has been carrying on within its means, that observation is probably accepted as a matter of course; when a government—for any reason—has lived beyond its means, and has trouble in catching up, the thing is different; particularly different, under a federal system. When the parties under federation fall into disagreement over their accounts the prospect of a happy settlement depends upon the spirit in which the accounts are presented.

When I first learned that Manitoba, Saskatchewan and Alberta had combined to draw on our finances, through the Federal Treasury, I did not use the phrase that they were “ganging up” against us. When I learned that the Prairie Provinces had retained several professors of American Universities to prepare their case, I was not annoyed. (I confess I thought the Prairies must have a weak case; that was all.) The programme of the provinces of Manitoba, Saskatchewan and Alberta, as instigated by the Regina Conference—if entertained—would divert millions of revenue from the sorely pressed provinces of Ontario and Quebec; but when the Ministers of those provinces met to discuss the proposed diversion of their revenues they were accused of “ganging up” against the Prairie Provinces. I resent the imputation.

If I am told this Commission is not interested in my resentment, I have to insist that this Commission, while working over the figures of our economic relations, has primarily to consider the effect of its investigation upon the human figures of Canada.

Ontario believes it has met its obligations. Times again the West has charged the East with having economic advantage as a result of the federal system.

Let us at last know the truth.

The West has performed a service in presenting its claims “in terms of money.” I dispute the items of the Account Rendered; I shall almost immediately show that the balance of benefits lies with the Prairies; but,

really we need not quarrel over the matter; when all the items are in the Account the sum total will speak for itself.

When reading Manitoba's brief on Monetary Policy I resolved to have something to say about that particular matter. Although I never acquired a reputation as a monetary economist, it was plain that, if the Minnesota professor was right in his theory, he was wrong in his deductions; particularly wrong, as to the benefits that would have accrued to the 290,000 farmers of the prairies. And then I found that you, sir, and other Commissioners, on public examination of the argument, had apparently come to about the same conclusion.

However, there are several matters arising out of the brief to which I should like to draw your attention. First, I should like to take up the number of farms on the prairies. Democracy is based on Numbers. You have heard much about that disastrous period, 1931-1936, during which, you were told western wheat-growers suffered, by monetary and tariff policies, to the extent of \$76,000,000 a year; you were told of marginal and sub-marginal farming and abandoned farms; and, unhappily, there were hardships in the West (as everywhere) during that period.

If the West suffered more than the East there are several explanations, away from any federal policy. For one thing, the western farmers were not so well grounded in their holdings. When the Agricultural Crisis came, the percentage of operators who had been on the farms they occupied for less than five years was as follows: Manitoba, 32.7 p.c.; Saskatchewan, 35.1 p.c.; Alberta 40.4 p.c.

Not only were thousands of western farmers "new" to the lands they occupied, a large percentage of them were also quite "new" to the country, as will be observed from the following census table:

NATIVITY OF FARMERS

Census of Canada 1931, p. CXCI

	Canada	Other British	U.S.	Other Foreign
P. E. Island	98.06	0.97	0.91	0.06
New Scotia	96.42	2.19	0.82	0.57
New Brunswick	94.68	3.09	1.54	0.69
Quebec	97.53	0.67	1.20	0.60
Ontario	87.08	7.24	1.40	4.28
Manitoba	45.34	15.82	3.46	35.38
Saskatchewan	34.19	16.84	14.96	34.01
Alberta	28.17	17.15	21.81	32.87
British Columbia . . .	32.53	36.82	9.02	21.63

And in spite of the formidable handicaps of "newness" there was an actual gain in the number of farms for the period 1931-1936 in which it is claimed the provinces suffered most disability. According to the census returns the number of occupied farms was as follows:

	1931	1936
Manitoba	54,199	57,774
Saskatchewan	136,472	142,391
Alberta	97,408	100,358
Total	288,079	300,523

Frankly, one finds it difficult to reconcile those figures of growth with the statement of loss through political injury. Whatever the facts about the effects of Federal Policy on prairie economy, there is no room to doubt the effect of the drought. During 1931-1936 a wide-spread area of the West was devastated by the encroaching desert; and numbers of farms were abandoned. Yet, each of the provinces had a net gain in farm occupation; and there was loss only in one province of acreage under cultivation. I give the figures from the Census:

AREA OF FIELD CROPS

	1931	1936
	† Acres	Acres
Manitoba	5,842,368	6,123,670
Saskatchewan	22,126,329	21,967,167
Alberta	12,037,394	12,103,744

The case of the Prairie Provinces for compensation at our expense rests on the fallen fortunes of the wheat-growers and it has seemed to me, we ought to have before us a brief statement of what really happened to wheat. Fortunately, there is little room for controversy over the matter; the subject has been investigated, times again, by authoritative bodies, including the Imperial Economic Committee, the International Institute of Agriculture and the League of Nations and, without dissent, they agree that the catastrophe began with an upset in the ranking of wheat exporters during the war. The figures of shipments from the exporting countries to the world's markets for representative pre-war and post-war periods tell the story. I give them:

Average of crop years 1909-14			Average of crop years 1924-29		
Order	Net exports Millions of bushels	Percentage share	Order	Net exports Millions of bushels	Percentage share
Russia	164.5	24.5	Canada	309.5	38.8
United States	110.0	16.4	United States	178.5	22.4
Danubian Countries.	109.0	16.2	Argentina ..	154.6	19.4
Canada	95.6	14.2	Danubian Countries.	36.7	4.6
Argentina ..	84.7	12.6	Russia	12.8	1.6
Australia ..	55.2	8.2			
India	49.8	7.5	India	8.3	1.1
Chili	2.4	.4			
Total	671.2			797.0	

Reports—Imperial Economic Committee—1931
The Wheat Situation p. 49.

May I now draw interpretation of these figures—not out of my imagination—may I draw it first from the Economic Committee of the League of Nations that, in 1931, published the results of an investigation into the Agricultural Crisis. The members of the Commission are no doubt familiar with the findings but I ask leave to place on the record brief extracts from their Report bearing directly on the problem before us:

1. "The depression in agricultural products is the bottom of the general crisis, the depression in cereals is at the bottom of the agricultural depression."

2. "The outbreak of war upset the production of and trade in wheat. It caused Russia, which had been the principal exporter before 1914, to disappear from the list of exporting countries. It brought about a considerable decrease in sowing and an enormous deficit in crops in Europe. It stimulated the extra-European producers. Attracted by the prices, which had risen to three times their previous level, the oversea farmers cleared and sowed virgin soil. Banks advanced them money; factories supplied them machinery. In a few years the land under wheat increased as much as in the previous forty years."

3. "The rise in the production of wheat is essentially due to the great overseas producing countries. The increase which has taken place in Canada is of the greatest absolute and relative importance."

If the League's Committee is right in concluding that the relative over-production of wheat was responsible for the Agricultural Crisis, and right, that Canada, in this instance, Western Canada, was responsible for the "greatest absolute and relative" over-production of the world's wheat supply; then the Prairie Provinces are themselves the makers of their own (and other people's) misfortunes. And the parties to the Regina Conference assisted the farmers of western Canada to grow more wheat. No doubt with good intention! But good intentions and bad judgment have paved many a way to an unpleasant place.

When the battle-fields of Europe were turned back again into wheat-fields and their former customers gave notice after notice (by tariff rates) that they intended to supply their own daily bread, the governments of the Prairie Provinces seem to have gone right on encouraging wheat-growers to expand production. Perhaps, I am on controversial ground—and this phase of the matter is important — I ask permission to place a statement by Professor Bertil Ohlin (Stockholm) on the records which (with statistics) seems to prove that *instead of more Canadian money being needed, in 1931, the need was less Canadian wheat.*

After discussing the origin of the Agricultural Crisis, Professor Ohlin, in his case for Economic Reconstruction, points out:

"The increase in the stocks of cereals—which for wheat reached in 1929 a figure representing more than twice the average for 1921-1926 was due partly to a fall in the *per capita* consumption of bread cereals in countries with a high or rising standard of living, partly also to the extension of the area under wheat. Thus, the excessive capacity of production was confined to wheat alone. The following figures, which show the areas (in thousand hectares) under wheat, rye, barley, oats, maize and rice are most illuminating:

	Wheat	Other Cereals	Total
1909-1913	63,500	131,200	194,700
1920-1924	69,000	130,400	199,400
1925-1929	74,300	133,800	208,100

"Evidently in the years following the war the production of wheat tended to exceed the quantities that could be sold at prices affording farmers the customary returns and standard of living. This was not, however, realized until 1928-1929. But, even then, no attempt was made to adapt the output to the new conditions. Hence, it must be asked: How is it that the bumper wheat crop of 1928 did not lead to a far-reaching re-

duction of prices, and thereby to a shift in production and a smaller acreage under wheat? The answer is not difficult to find. *Part of the crop was withheld from the market by the Canadian Wheat Pool, which succeeded in raising quotations towards the end of 1928."*

In view of that record—and I could go on confirming it—it is almost incredible that the Prairie Provinces should now claim disability against the rest of Canada because the wheat-growers of the Prairie Provinces were not enabled to enter into competitive devaluation of currency with Australia when, to use the words of the Premier of Manitoba: "Australia fell upon the verge of bankruptcy."

The Commission brought out on examination the difference in the financial and trade relations of Canada and Australia; and brought out the increased burden that would have resulted in Canadian debt-charges with the United States. The brightest page in the Relations of the Provinces will never be the one in which the Premier of Manitoba argued:

"If the argument that the necessity of keeping Canada able to pay foreign debt, at not too great a cost, is sound—which we do not admit—the position is that Western Canada lost more in the exports than it gained in paying foreign debts, and therefore, suffered a substantial net loss through the exchange policy of Eastern Canada."

To argue, in effect: since the West borrowed largely from the East, and the East borrowed largely abroad, the West was entitled to devaluation which would have left the East holding the bag does not make for Canadian unity.

However—and quite clearly—the West would not have been left in possession of the gains it seems to imagine it would have had from devaluation; on some counts, the West would have been penalized more than the East. For example, among the country's foreign debts is one on railway account of \$800,000,000. The increase in debt-charges would have been reflected in the rail rates of wheat to seaboard. The wheat-growers would have benefitted little by the exploitation of labour (usually a source of profit from exchange-dumping) because the wheat farms of the Canadian West are almost exclusively "family farms"; their wage bills are relatively negligible.

At first one is puzzled over the almost curiously nonchalant attitude of the Prairie Provinces toward the effect of devaluation on the price of imported goods; in fact, Professor Upgren almost points out with pride that devaluation would have "retarded imports". The price of dutiable goods



would have borne the hallmark of protection (even tractors) and still no effort is made by the West to count the cost. The enigma is solved when one turns to the next book and finds a separate Account Rendered for disability created by the retardation of imports.

And one is almost compelled to admire the economic legerdemain displayed by the professors of the American Universities. On a previous occasion one of the professors described the use of currency devaluation to retard imports as something "like using a sledge hammer to kill a fly." With claims, alike, under Monetary Policy and Tariff Policy, the set-up is just an offer to play the old game of "Heads I Win Tails you Lose."

It is admitted the domestic costs of the wheat-growers would have been increased under the devaluation: would the increase in world prices have been sufficient to offset the losses? From your examination I gathered the impression, Mr. Chairman, that you thought the growers of the prairies would have had some net gain. I take it the deciding factor would have been the price of wheat. Personally I have always looked upon wheat speculation as a dangerous business, but may I indicate, very briefly, the grounds on which I have come to the conclusion that the western wheat-growers would have lost rather than gained from devaluation in 1931.

In 1930 the world's wheat stocks, as I have already observed, were inordinately heavy. The following table of indices gives the record:

INDICES OF WORLD WHEAT STOCKS

(Base 1925-1929 —100)

1925 average	72
1926 "	89
1927 "	104
1928 "	108
1929 "	124
1930 "	158

Now does it not follow, because the objective of currency devaluation is stimulation of exports, devaluation would also have stimulated production?

Such was the experience of Australia. Within four years after its devaluation, Australia had increased its production of wheat 40 p.c. over the rate of production in the previous six years. If Canada had followed Aus-

tralia in the ratio of production, as in the ratio of devaluation, I suggest wheat might not have brought prices yielding the cost of hauling it from the prairies. For, in the period, 1926 to 1930, Australia had 9.2 p.c. of the world's market, while Canada had 37.1 p.c. The computation of the further results I leave to the speculative statisticians.

The Premier of Manitoba assures us he would not have the Federal Government underwrite an "uneconomic industry". Well! Mr. Chairman, if speculating on wheat futures is hazardous for an individual it is equally hazardous (and worse) for a state. The West longs naturally for the return of volume and price to wheat; and I have no intention of expressing a personal opinion as to the probability of the return of the good, old, golden days. That there will always be a substantial demand for Manitoba wheat wherever there are people who have a taste for good bread seems certain.

But nothing will satisfy the West except bigger and better wheat markets. "Without export markets" says the Premier of "Manitoba "there is no sound ground for optimism as to our future". And the Premier goes on to say: "It is unfortunate that neither the members of this Commission nor any one else can predict what the long time trade and fiscal policies will be". And yet, with doubt in his mind, the Premier would have us adjust our national policies to the needs of wheat-growers, confident that "the natural advantages of Western Canada are such that they can be developed *far beyond any we have yet attained.*"

The West stakes its case on the wheat market.

Whether we like it or not, it appears we must speculate about the *future of wheat* in international trade. Having disclaimed a gift of forecasting, I am going to ask permission to place on the record opinions on the subject expressed by Mr. A. Cairns at the Fourth Conference of Agriculture Economists (St. Andrews, Scotland, 1936) Mr. Cairn's services with the World's Wheat Advisory Board and, indeed, his association with the wheat pools of Western Canada give weight to his views. Mr. Cairns said:

"My reasons for taking a very discouraging view of the outlook for international trade in wheat in the next decade may be classified roughly in the order of their importance, as follows:

1. In many countries wheat and politics are now almost synonymous terms. Wheat has been subjected to far more political doctoring than any

other agricultural commodity. Wheat is the principal cash crop of a large group of farmers. In many countries this group is politically very powerful.

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2. My second reason for being so gloomy about the wheat outlook is the international repercussions of the purely national attempts being made by many countries to solve their wheat problems. In each of the past years wheat grown in European "importing" countries has been exported to Great Britain; these heavily subsidized exports have depressed the price of wheat imported from normal exporting countries. In 1933-34 Germany was a substantial new exporter of wheat; in 1934-1935 France was a large, and Sweden and Latvia were substantial, new exporters; in 1935-1936 Portugal joined the ranks of net exporters; and in 1936-1937 Czechoslovakia will probably be a new recruit.

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3. My third reason for taking a dark view about the outlook for international trade in wheat is the phenomenal improvement during the past decade in the productivity of European agriculture. Oversea farmers made great strides during and immediately after the War in increasing their agricultural output per man. In the past ten years European farmers have made similar strides.

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4. My fourth reason for believing that international trade in wheat in the next decade will be very much smaller than in the post-war decade is the striking downward trend in *per capita* consumption of wheat in many countries."

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Mr. Cairns is indeed pessimistic about wheat; but surely there is no reason for pessimism about the future of the great Canadian West. That remark may appear a bold one, in face of the opinion expressed by the Premier of Manitoba, but I am a great believer in the value of perspective—and hard facts. I want now to give my basis for the conclusion that the West has a great future, even if the old volume of wheat exports never comes back.

In the first place, *there are not 290,000 "wheat farms" in the Prairie Provinces.* The Bureau of Statistics at Ottawa classifies a "wheat farm"

as one having 50 p.c. or more of its gross income from wheat, and in that sense, the number of "wheat farms" in the Prairie Provinces (in 1935), according to the census, was as follows: with a total of 57,774 farms in Manitoba only 7,311 are classed as "wheat farms"; out of 142,311 farms in Saskatchewan only 62,311 are wheat farms and out of 100,358 farms in Alberta, but 29,807 are "wheat farms".

Those figures alter the situation. While wheat is still important, it is not the life and soul of the West. I have every sympathy for those 99 thousand farmers whose main source of revenue has declined; but really I do not see that it is necessary to upset Confederation on their behalf; nor do I believe we should be called upon to re-make a fiscal policy that was established long before most of them ever turned a furrow, with a tractor, on Canadian soil.

Perhaps the necessity for producing less wheat is another instance of the ill-wind that habitually blows some good, for there are social features about high-powered, mechanized farming that some of us have watched with concern. More than one European country has been forced into social revolution largely through accumulation of its land in few families *and the census returns will have it that 14,928 families have possession of 26,098,771 acres (or 23.07 p.c.) of the "occupied farm" acreage of the Prairie Provinces.*

If I have over-stayed my time in a discussion of the Wheat Problem, I must plead its obstinant nature in face of the world's strenuous attempts at solution. Later on, I shall have occasion to observe that the West is working its way out of crop specialization that came with its early settlement; working into a diversity designed to utilize its resources of men and materials; a diversity of the factory, as well as the field.

Meantime I shall, by way of contrast turn to another case of compensation claimed for disability worked up by Professor Norman McL. Rogers for the Province of Nova Scotia. Professor Rogers estimated the splendid Province of Nova Scotia carried a tariff burden of \$12.28 per capita; and as a result, its population of 459,574 in 1901 had grown to only 512,846 in 1931.

Apparently the economists of the Prairie Provinces worked over the figures of Mr. Rogers, only to reject them; acceptable to the East, they actually disproved the case of the West, since Mr. Rogers had set the tariff burden of Alberta at \$26.93 per capita; and the Alberta population grew from 73,022 in 1901 to 731,605 in 1931.

Perhaps, one could not find a more striking illustration of the impracticability of compensating provinces for the disabilities they claim (even the real ones) as a result of federal policy. The Canadian Government expended hundreds of millions (and some of them, no doubt, unwisely) in opening the prairies to markets; when Nova Scotia's sons (among others) went West to seize opportunity—Mr. Rogers presented a bill for Nova Scotia's stagnation, and the Premier of Manitoba presented another one for the social services of an expanding population. If the principle were accepted then we should have an end to national progress: the Federal Government would be compelled to go over wholly to a "do-nothing policy".

Having discarded Mr. Rogers' figures, the Prairie Provinces, hard-pressed to find new clothes for an old grudge, turned to a comparison of retail prices between Canada and the United States.

I think you pointed out, sir, at Winnipeg, that provincial governments are not ordinarily interested in tariff matters; that tariff matters under our political system, are consigned to the peoples' representatives in the Federal Parliament; but when three of the nine provinces set up a claim for \$58 million a year on Tariff Policy and suggest it should, through the Federal Treasury, be met substantially by a diversion of the resources of this province, then this province finds itself with a very direct interest in tariffs.

We want to live on good terms with our provincial neighbours, Mr. Chairman; they are our good customers and as I shall almost directly point out we are theirs. Trade flows East, as well, as West. However, it is only partially an economic interest that concerns us; our main objective in dealing with the matter is to clean up the charge of "eastern industrial exploitation"; for a sense of sectional injustice has too long retarded the national aspirations of the Canadian people.

I will almost forgive the appointment of this Commission by Order-in-Council, if, as a result of its investigations, we can measurably determine the economic relations of the Nine Provinces. And as a step towards peace, I express my thanks to the economists who have prepared the briefs submitted at Winnipeg (even the American Professors) for having expressed the prairie's tariff disability in "terms of money". At last we have an Account Rendered; we cannot accept its figures; we shall submit evidence of needed corrections, we shall claim deductions, and we shall indicate the nature of certain counter-accounts; but, once the Account

Rendered has been properly audited, we shall have gone a long way toward establishing the unity of the provinces within Confederation.

And now may I turn to a critical and I trust, not unfriendly, examination of the Account rendered on Tariff Policy. At the outset, perhaps, I ought to confess that, at one time, I was a Member of the House of Commons and held some rather strong views on tariff matters. As I think of it, I used to express my views rather definitely. If I had been a lawyer and gone to the bench, probably, I should have divested myself of views on the subject: but, as it is, I was quite upset on reading Manitoba's brief to find anyone, except a hardened protectionist, arguing that it is cheaper to buy in a country of high protection than in a country of less protection. If the thing were true, then it seems to follow: if we were only to put our tariff high enough, and hold it long enough, everything would come right in the end. However, I felt better over my own tariff tenets when I was told that most of the goods priced in the two countries were set down as cheaper in the United States just because proper allowances had not been made for the different incidence of sales-taxes on prices.

Frankly, I am not prepared to say what deduction is to be made from the Account Rendered by reason of this particular omission; I have been told it amounts to 75 p.c. but hesitate to press the figure for it is hard to believe the economists retained by the Regina Conference would have built so elaborate a structure on such a frail foundation. However, the amount of the deduction, on this account can be determined precisely when the itemized statement is completed.

And the items are not complete. When a grocer renders accounts he is invariably meticulous about the accuracy of his entries; for, of course, a sum total is no better than its parts. Apparently the economists of the Regina Conference were not so particular about their arithmetic; in fact, one would almost conclude they had written down the amount of the claims and then, as an after-thought, thrown in some details; for we are naively told by the economists "if any particular item is challenged, our attempted moderation elsewhere should support the validity of the total calculation."

That statement would arouse the suspicion of the most trustful man in the world; it is precisely as if the grocer were to add a postscript to his bill saying, if he had charged too much for the olives his attempt at moderation with the caviar should support the validity of the bill rendered.

And on that sort of calculation this country was disturbed one morning by headlines that the Prairie Provinces, before this Commission had claimed disability of \$47,000,000 on one count and \$58,000,000 on another count; and the claims were said to be abundantly backed by details (and for good measure by two or three American economists). At once our own statisticians proceeded to check the Account Rendered for, as I have already pointed out, it was argued that, as a result of the West's disability, there should be a rearrangement of finances which, in effect, would entail this province in a substantial loss of revenue. That audit has not been completed: but the partial results have been so startling that I desire to lay certain matters before this Commission and do so, in a desire of receiving, rather than of giving information: I shall set down the requests seriatim:

1. I have already mentioned the effect of the sales-taxes on the prices of the two countries. Because the federal sales-tax applies equally to all the provinces, no special disability can be claimed under it; and the public is *entitled* to know the effect on the sum total when the adjustments are made.

2. There is evidence (I regret to say) that the disparity in prices between Canada and the United States has been swelled by a comparison of "unlike" things. Of course the thing may have been the result of inadvertence but surely, even lack of intention, in an account of such consequence, is not a "good excuse". I mention washing machines, tubes and tires as articles at present under suspicion. The amount involved in these items alone is substantial even when part of a sum total amounting to \$58,000,000.

3. Just why a claim of provincial disability should have been made, under Tariff Policy, for coffee, oranges, raisins and prunes is not apparent. Surely, tariff duties on exotic goods affect us all alike, and if there are differences in prices between the several provinces, they are the unavoidable results of transportation. Duties on goods, not produced in Canada, are for revenue, or, quite often, parts of an arrangement, under Imperial Preference, designed to press the sale of our products abroad (usually wheat).

4. Inasmuch as the claim of disability over retail prices is on provincial account, and not on consumers' account, quite evidently, a deduction should be made for that portion of the retail prices expended in the Prairie Provinces e.g. transportation, advertising, general mercantile costs and

merchants' profits. Our investigators have not arrived at a final figure in the matter but they suggest "the spread" is about 40 p.c.

5. When goods are cheaper in the United States than in Canada the "excess" is made the subject of claim; when goods are cheaper in Canada allowances are apparently not made; and the list of goods cheaper in Canada is a formidable one, including several of the important farm implements; woollen goods (which so largely make up the cost of clothing in western Canada) nearly all the items of food (away from the exotic foods) and most of the items in the building classification.

6. *Perhaps, the most amazing feature of the Account Rendered, at Winnipeg, is the claim of the Prairie Provinces for compensation on their own production.* Imagine, if you can, sir, a province (for instance, Ontario) presenting a claim, on tariff grounds, for every bag of cement produced and consumed in the province. Whatever the consumers have to say as to the price of cement, surely, the provincial government has no claim for compensation; and yet, Manitoba makes that precise claim. The Prairie Provinces, in the matter of cement are better off than Quebec and Ontario, for they not only produce their own cement, they supply the coal which enters so largely into its cost of production—and claim 40c a bag on it, as "compensation."

Here, sir, is a source from which we would claim heavy deductions from the Account Rendered by the Prairie Provinces:

Motor fuel is a substantial item in the expense of the mechanised farm. The prairies use about 16,000 barrels of motor fuel a day and, in 1937, the prairies refined about 11,000 barrels a day: and now (in 1938) the West is looking for outside markets. I shall not set down the annual hundreds of thousands that the West claims for sugar; and supplies a large portion of its own wants. Manitoba is celebrated for its harness-makers; but claims compensation on harness, "without collars and with breeching" because someone says it is cheaper in Minnesota. The economists set down a charge of \$1.50 per year on harness, multiply it by 200,000 farms and then double it to take in the urban population—and present the bill to the rest of us. Mr. Chairman, there are many millions, over a long list of commodities, in that Account Rendered for \$58,000,000 that were put there on the very same unreason.

Although we cannot longer ask for deductions from the Account Rendered for, according to our figures, there is nothing left, I cannot pass on

without drawing your attention to two specific lessons that are to be drawn from the matter in hand:

First. It would have been better to discuss provincial relations in Conference, rather than by trying to "make cases" before a Commission. As it is, the account rendered at Winnipeg was broadcast across Canada, as a piece of economic injustice to the prairies (established by sober calculation of the statisticians). Over a conference-table set for Ten, Manitoba's tariff brief would have been disposed of in the course of minutes as a bit of political arithmetic awry with reality.

Second. However, when one turns things over most of them have a brighter side and, even the charge of the Prairie Provinces for disability on their own productive energies has its bright side; it confirms the opinion I expressed a while back that the West may retrieve the ill-fortunes that came to it with the fall of the wheat market. For, the Account Rendered reminds us that the West has already gone far enough to prove it can go still further with industrialism. Already Winnipeg is Canada's fourth city of industrial importance and the Prairie Provinces have about a fourth of Canada's total population. In confirmation of the West's industrial headway, may I cite two extracts from a review of the subject by the Bureau of Statistics:

"The War exercised a profound and far-reaching influence upon Canadian manufacturers and the western provinces, notwithstanding their greater interest in agriculture, shared in the general stimulation. The inflation of the war and post-war period led to unprecedented figures of value produced."

"Expansion was halted by the post-war depression 'but soon resumed its course,' the gross and net values of products reaching a higher point in 1929 than in the post-war boom of 1920, although the prices of manufacturers' goods had dropped about 41 p.c. in the intervening period. A noteworthy feature of the nineteen-twenties was the increasing industrialization of the West, *the Western Provinces experiencing a proportionately greater expansion than the main manufacturing provinces of Ontario and Quebec*".

And now may I remind you of the Forgotten Elements of our chronic controversy over tariffs. For years we have be-laboured the issue and almost invariably forgotten that trade flows East as well as West. Western people not only buy from Eastern Canada, they market goods to the value of millions a year in Eastern Canada. True, they market mostly

foodstuffs, and primary products; but they market them under the shelter of the tariff.

I shall mention some items, but only for purpose of illustration, and without any attempt at computing the total volume of east-bound, inter-provincial trade. Indeed, a precise calculation is probably impossible. Before Confederation, the figures of inter-provincial trade were recorded; after Confederation, the practice was dropped as unnecessary, because our fathers believed the country was headed towards nationhood; and it is a primary economic requisite of nationhood that there shall be free trade within national lines of boundary. Under the thrusts of the Regina Conference we have learned something about our purchases from the prairies; but I cannot tell you, for instance, the exact value of the wheat and bread-flour the prairies supply for the consumption of Eastern Canadians. However, I venture to say: it exceeds the value of the farm implements which the East ships to the West. Moreover, the rate of duty on wheat against the United States is twice the rate of duty collected on implements from the United States. (And there is trade across the southern boundary in wheat, flour and implements.) Personally, I am not for relying upon the Soviets for our daily bread but I observe the British of the Isles buy wheat from the Soviets; and I am told Soviet wheat contains bread-making qualities, competitive with our own. The Canadian duty against the Soviet's wheat is 30c a bushel, a prohibitory one.

Western Canada has butter for sale; and Eastern Canada buys most of its surplus. In fact, the West, has much butter, having increased its production nine times in the first 33 years of the Century. The annual sales for consumption in Eastern Canada are valued at more than \$5,000,000 a year.

And now for a tariff implication—an amazing story of inconsistency: the great Dairy Pools of the Prairie Provinces, in 1930, sent representatives to the Tariff Board to plead for “an upward revision of duty on butter;” and the duty on butter was made practically prohibitory, away from New Zealand. The amount of importation from New Zealand is under governmental regulation. Having secured that protection, the Prairie Provinces sent representatives, in 1937, to the Regina Conference for the specific purpose of claiming disability and demanding compensation under Tariff Policy.

Eggs! Western Canada raises almost 40 p.c. of the poultry of the Dominion and last year, according to our estimates, sold 22,019,000 dozen eggs and 16,899,000 pounds of chicken, valued at about \$10,000,000 in

Eastern Canada. Mr. Chairman, under the circumstances, I almost regret to tell you (but not quite) that, in 1930, the Poultry Pools of the Prairie Provinces also appeared before the Tariff Board asking for "upward revision of the tariff on eggs." Certainly the West has given, in its tariff-attitude, a remarkable exhibition of choosing the side its bread is buttered on.

Western Canada marketed in Eastern Canada 113,000,000 lbs. of pork last year (valued at \$13,627,000) and 115,000,000 lbs. of beef and veal (valued at \$8,000,000). The advalorem rate on pork is low, about 13 p.c.; the advalorem rate on beef and veal, at present prices, runs over 60 p.c.; (and that rate seems high). At first, I confess I thought the protection on beef and veal was ineffective, until I was reminded of Argentina's shipments to the United Kingdom, and our own interest in securing north-bound traffic that the Argentine may buy our factory products in greater volume. The old motto of "buying from those that buy from us" has wide and diverse application.

Saskatchewan has more horses than people and ships horses to Ontario. The West does not seriously try to tan its own hides, or weave its wool; and markets most of its hides and calfskins and some of its wool with us at an annual turn-over of several more millions. While the West has substantial industrialism, its official pride is in primary production. I shall not try to read the West a lesson in economic policy; but I sometimes think, if the millions of state-funds (provincial and federal) expended on wheat-seed that blew away, had been put into mills, and factories, the West would have been able to clothe itself and provide most of the goods of life.

Whatever the merit of the case against the tariff you will not find it in the brief of the Regina Conference. The long-drawn cry of "Eastern Exploitation" lost its savour the moment it was converted into "terms of money." Personally, I confess I thought the West had some grievance, but began to suspect there was deep-water in sight when the economists introduced their items for the Account Rendered with the statement:

"No claim is made for its accuracy other than what ordinary common sense and objectivity can provide."

Well! Mr. Chairman, I have already confessed, I am not deeply versed in the technicalities of monetary economics, and I have not kept abreast of the tariff; but I am strong for "ordinary common sense." However, I am not always at peace with my neighbours on the subject, for I am constantly differing with people as to what ordinary common sense is. And I am even in disagreement with the economists of the Regina Conference when

they complain about an "excess price" of washing machines amounting to \$79.50 apiece, and say that the average household eats 25 lbs. of raisins and 30 lbs. of prunes, a year; I am in disagreement because my brand of common sense tells me that, either the figures are wrong, or the people are all right; at least better off, than the people with whose public affairs I am largely entrusted.

Mr. Chairman. The balance of loss and gain between the provinces "in terms of money" is not to be determined by taking only monetary and tariff policies into the count. Other money-adjustments have to be made to determine the economic relations between the provinces. If it is the intention of this Commission to check the Account Rendered, this government will ask for the inclusion of certain other matters bearing upon provincial relations including:

1. The distribution of federal expenditures for railways on a *per caput* basis by provinces.

2. The country's annual burden for the Hudson Bay Railway, which, with terminals, cost well over fifty millions; and it is not to be forgotten that the railway was built exclusively for the benefit of the West on a plea of disability in shipping its wheat to the world's markets.

3. The relation of domestic and export rates on the rail haul of wheat from the prairies to sea-board and (following the method adopted by Manitoba in determining "excess" prices) it will be as well to have a comparison of export-rates between Canadian and American railways. By way of illustrating the substance of the account I submit the following extract from Reference No. 84, May 1936, of the Tariff Board:

"The Canadian Railways admit, however, that the rates on petroleum products are higher in Canada than in the United States but they point out that the Western Canadian farmer pays very much lower freight rates on grain than the American farmer, the difference being approximately 15 cents per 100 pounds or 9 cents per bushel."

I shall not attempt to compute the "excess" burden shouldered by the people of the eastern provinces, as a consequence of what I am told are the world's lowest per mile rates on wheat, but multiplying the number of bushels of wheat exported (in even a bad year) by nine cents gives promise of being a substantial sum.

4. The "tariff disability" of the central provinces in the matter of coal for, although Ontario and Quebec are the largest users of coal, they rely on imports for supply. (The Federal Government's expenditures in

assisting the movements of western and maritime coal should be taken into the Account. The Federal Government even assists the shipment of coal between the Western provinces.)

5. The "special grants" from the Federal Treasury for the production of wheat whether by way of credit export subsidies, grants to the pools, state aid in marketing wheat, including losses from speculation, and generally the "compensation" the West has already had from the Federal Treasury.

I mention these matters; I have others on my list; but of course the Province of Ontario has no notion of rendering a counter-account to the other provinces. Statistically speaking, the principle of "compensation for disability" is a wash-out. Instead of rendering accounts to each other "in terms of money," or any other terms, we would all be better employed, working together for a greater and safer Canada. The spectacle of the northern half of a Continent in the New World possessed by about eleven million people—and nearly one million who cannot provide for themselves—is not a pleasing one. In the mood of the times, with people in the Old World killing each other off to make elbow-room, it may become a tragic spectacle.

Mr. Chairman. It has not been an agreeable task, this working over accounts presented by sister provinces; in fact, particularly disagreeable in view of the mal-formation of the accounts. Frankly, our first thought was to ignore the briefs of the Regina Conference; but, in view of their wide-spread publication, we decided to make it plain that the professors had left much out of their rendition of the story of the Relations of the Provinces.

The provinces are fiscal entities. No doubt, some of them find it hard to provide out of their own economic resources what the people would like of social service. The remedy that first suggests itself is amalgamation; I have not dealt with that phase of the matter for an obvious reason.

I can understand why there should be objection to loss of provincial identity. Prince Edward Island! New Brunswick! Nova Scotia! There is a depth of affection in those names so deeply seated in history, it is not to be measured "in terms of money." Set the boundaries of Manitoba, Saskatchewan, Alberta and British Columbia over the map of Europe and you will find they overlap great Empires. Their future is not to be visualized "in terms of money." Quebec! Ontario! We have had our differences—grievances, that were not to be settled in "terms of money."

But we came out of them. Not by the mandate of central authority; we came together through the will of the people of the two provinces, and a mutual affection for one flag over a common country.

The incidents of modern public life are, indeed, complicated; perhaps, particularly so, under a federal system, but surely we shall, sometime soon learn to shape those incidents by a public policy designed to one end; *the prosperity of a free people.*

During your investigations, sir, you have heard much of the "social services"; may I suggest, sir, that the need for those "social services" has come largely through the lack of a national economy that insures a wide distribution of the proceeds of productive effort. The State is largely responsible. The State will pay the penalty with its life—unless it shapes its policy for the profitable employment of the great mass of its citizens. The government that arranges an economy under which one family out of every ten lives on "social services" cannot survive; and does not deserve to survive.

The world's economy is never static; it is under constant change; and change, in the form of economy of labour, has come upon us, through the war; and through the depression, with revolutionary force. Can we adapt ourselves to the economic change of the times and still preserve self-government? I resolutely refuse to think otherwise. The federal system, with its balance of powers, was willed to us, less than a hundred years ago; Ontario's Government believes that, with the exercise of prudent economy, the people of the Nine Provinces can be prosperous and still preserve their political heritage.



STATEMENT
BY
THE GOVERNMENT OF ONTARIO
TO
THE ROYAL COMMISSION
ON
DOMINION-PROVINCIAL RELATIONS

Book II.
GENERAL STATEMENT

APRIL, 1938.

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General Background

The Social and Economic Background

While it is unnecessary to describe at length the social and economic circumstances of Canadian development, there is, apparently, a necessity for recalling and emphasizing some of the stable and fundamental factors which have controlled and must continue to dominate the nature of Confederation.

Canada is half a continent. It is divided into at least six distinct regions each possessing its own social and economic characteristics and each separated from the others by difficult physical barriers or by racial and cultural diversity. The Maritime Provinces, Quebec, Ontario, the Pre-Cambrian North, the Prairies, and British Columbia, each has its peculiar resources, its specialized economy, and its separate social outlook.

These diversities are very real and important, but their existence is not inconsistent with an underlying economic and political unity, which, however temporarily obscured, has always conspicuously reasserted itself in times of crisis, and its compelling power is present even when temporary differences seem most acute.

There is a real economic unity based on the historical evolution of Canada from fish to fur, from lumber to wheat, and into the modern era of power, pulp and paper, gold and base-metal mining. From the point of view of historical geography the northern half of the continent, in extent substantially corresponding to the present boundaries of Canada, is the natural hinterland of the great gateway into the continent formed by the St. Lawrence River. The steel ribbons of our railway lines are rarely far from the well-worn tracks made by the explorers, fur-traders, pioneer lumbermen and farmers of earlier generations.

The basic unity of Canada is not merely economic. It has its political and cultural basis too. A common allegiance to the British Crown, that symbol of the free unity of a great group of democratic peoples, a common inheritance of similar political institutions, a common pride in our history and belief in our future, conspire to make the term "Cana-

dian" a living and inspiring reality from coast to coast. Canada, definitely, is not a mere geographical expression.

Canada thus presents a paradox of unity and diversity, and the necessary political counterpart of this paradox is Federalism. Economic diversity, difference of race and culture, and sheer size insist upon regional self-government. Common allegiance and an underlying unity demand a national government.

It is true that the separate regions in many instances face similar problems, or what appear to be similar problems; but on examination most of these apparently similar problems are found to have important differences in their origin and in the proper approach to their solution. The nature of the unemployment problem in Nova Scotia is not the same as the nature of the problem in Ontario or in Alberta. Problems of health arise in each province as do problems of education; but that is no reason why the central government should control either. Agricultural distress in Ontario or British Columbia calls for different treatment from similar distress in Quebec or Manitoba. People grow old wherever they live, but that in itself is not a reason for a uniform old age pension scheme for the whole of Canada.

Some recent proposals, for example those of Manitoba, Saskatchewan, and Nova Scotia, would in effect destroy the whole federal principle, and if adopted would convert the provinces to mere names upon a map, and their legislatures into little more than county-councils. Such centralization would not only destroy the essence of federalism, but it would not conduce to social efficiency. A strong and united Canada can never be built upon an over-centralized bureaucracy. It can be built only upon a broad division of powers based upon mutual agreement, and effectually exercised by governments each strong and well-equipped in its own sphere.

The Nature and Purpose of Canadian Federalism

The subject of the Constitution of Canada has been dealt with at length in the statements filed by other provinces and no useful purpose would be served by a further general review. In what follows we shall do no more than emphasize some of the characteristics of our Constitution which demonstrate that the union of the provinces is, as has been said, "Federalism through and through."

Suggestions looking towards some form of union were frequently made for many years. The report of a select committee of the House

of Assembly of Upper Canada in February, 1838, suggests the necessity for considering a union of the North American colonies but to continue the local assemblies. Lord Durham, in his report, said, "Two kinds of union have been proposed—federal and legislative. By the first, the separate legislature of each province would be preserved in its present form and retain almost all its present attributes of internal legislation, the federal legislature exercising no power save in those matters which may have been expressly ceded to it by the constituent provinces." The first definite move was initiated in Nova Scotia with reference to the Maritime Provinces and this resulted in the Charlottetown conference of September 1864. Delegates from Canada joined this conference and the matter of a general union was discussed. At this conference, which had adjourned to Halifax, it was arranged that delegates from all the provinces would assemble in Quebec in October of that year, and at that conference the seventy-two resolutions were agreed upon, which, with the amendments made at the Westminster Palace Hotel conference, were the basis of the British North America Act of 1867. There were undoubtedly wide differences of opinion among the framers of the Quebec resolutions as to whether the underlying principle should be such as to give the largest powers to the local governments and merely delegated authority to the general government or to make the local governments subordinate to the general government. Whatever may have been the real aim of the proponents of the Union, the Privy Council has, in general, held that the interpretation of this part of our constitution must be from the point of view of a Statute, so that the views of the Fathers of Confederation as to the terminology to be applied in describing the basis of union or as to what they considered was the real basis of union, have no bearing on the matter of interpretation. In that statute and in the decisions under it, the nature of Canadian Federalism is to be found. Lord Sankey in *Edwards v. Attorney General of Canada* (1930) A.C. 124 at p. 137, said, "that Act should be on all occasions interpreted in a large, liberal and comprehensive spirit, considering the magnitude of the subjects with which it purports to deal in very few words" but added that "the question is not what may be supposed to have been intended but what has been said."

The provincial legislature is not a delegation from the Imperial Parliament nor from the Dominion Parliament.

"When the British North America Act enacted that there should be a legislature for Ontario, and that its legislative assembly should have exclusive authority to make laws for the province and for provincial pur-

poses in relation to the matters enumerated in sect. 92, it conferred powers not in any sense to be exercised by delegation from or as agents of the Imperial Parliament, but authority as plenary and as ample within the limits prescribed by section 92 as the Imperial Parliament in the plenitude of its power possessed and could bestow. Within these limits of subjects and area, the local legislature is supreme and has the same authority as the Imperial Parliament or the Parliament of the Dominion would have had under like circumstances to confide to a municipal institution or body of its own creation authority to make by-laws or resolutions as to subjects specified in the enactment and with the object of carrying the enactment into operation and effect." *Hodge v the Queen* (1883) 9 A. C. 117, at 132.

"The provincial legislature . . . derives no authority from the government of Canada, and its status is in no way analogous to a municipal institution, which is an authority constituted for purposes of local administration. It possesses powers, not of administration merely, but of legislation, in the strictest sense of that word; and, within the limits assigned by section 92 of the Act of 1867, these powers are exclusive and supreme." *The Liquidator of the Maritime Bank of Canada v. The Receiver General of New Brunswick* (1892) A. C. 437, at 442.

In the same case the statement is made that the provinces remain independent and autonomous.

"The Act of 1867 . . . nowhere professes to curtail in any respect the rights and privileges of the Crown or to disturb the relations then subsisting between the Sovereign and the provinces. The object of the Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy . . . As regards those matters which by section 92 are specially reserved for provincial legislation, the legislation of each province continues . . . as supreme as it was before the passing of the Act."

Our federation has been referred to as having a carefully balanced constitution. In the case of *Bank of Toronto v. Lambe* (1887) 12 A.C. 575, Lord Hobhouse said at p. 587, "Under that (U.S.) Constitution as their Lordships understand, each state may make laws for itself uncontrolled by the federal power and subject only to the limits placed by law on the range of subjects within its jurisdiction. In such a constitution, Chief Justice Marshall found one of those limits at the point at which the action of the

state legislature came into conflict with the power vested in Congress. The appellant invokes that principle to support the conclusion that the Federation Act must be so construed as to allow no power to the provincial legislatures under Section 92 which may by possibility and if exercised in some extravagant way, interfere with the objects of the Dominion in exercising their powers under Section 91. Their Lordships have to construe the express words of an Act of Parliament which makes an elaborate distribution of the whole field of legislative authority between two legislative bodies and at the same time provides for the federated provinces a carefully balanced constitution under which no one of the parts can pass laws for itself except under the control of the whole acting through the Governor General. And the question they have to answer is whether the one body or the other has power to make a given law. If they find that on the due construction of the Act a legislative power falls within Section 92 it would be quite wrong of them to deny its existence because of some possibility it may be abused or may limit the range which otherwise would be open to the Dominion Parliament."

The Statute of Westminster recognizes the federal nature of our constitution. Section 2 provides that the Colonial Laws Validity Act shall not apply to any law made after the commencement of this Act by the Parliament of a Dominion, and Section 7 of the Act is as follows:

- "(1) Nothing in this Act shall be deemed to apply to the repeal amendment or alteration of the British North America Act, 1867 to 1930, or any order, rule or regulation made thereunder.
- (2) The provisions of Section 2 of this Act shall extend to laws made by any of the provinces of Canada and to the powers of the legislatures of such provinces.
- (3) The powers conferred by this Act upon the Parliament of Canada or upon the legislatures of the Provinces shall be restricted to the enactment of laws in relation to matters within the competence of the Parliament of Canada or of any of the legislatures of the Provinces respectively."

In referring to sub-section 3 of Section 7 above mentioned, Right Honourable R. B. Bennett, the then Prime Minister, made the following statement, "so it is provided by the Sub-section that I have just read that there shall be, by reason of this law, no alteration in the authority or power of this Parliament to deal with legislation which under Section 92

and other Sections of the B.N.A. Act is granted solely to the legislatures of the province." (House of Commons, June 30th, 1931, p. 3199).

Lord Sankey, in the *Aeronautics Case* (1932) A.C. 54, said, "Useful as decided cases are, it is always advisable to get back to the words of the Act (B.N.A.) itself and to remember the object with which it was passed. Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sub-sections 91 and 92 should impose a new and different contract upon the federating bodies. But while the courts should be jealous in upholding the charter of the provinces as enacted in Section 92, it must no less be borne in mind that the real object of the Act was to give the central government those high functions and almost sovereign powers by which uniformity of legislation might be secured on all questions which were of common concern to all provinces as members of a constituent whole."

Mr. W. S. Edwards, K.C., Deputy Minister of Justice, gave evidence before the special committee of the House of Commons which was appointed in 1935 to consider methods of amendment of the Act. In referring to the character and nature of our federation, he said, (p. 12 of the proceedings):

"In my view what happened in confederation was that certain peoples who had their then form of government were desirous of exchanging that form of government for another form of government, which is set out in the B.N.A. Act; that they voluntarily—there were certain minor protests which were not recognized—they voluntarily agreed to accept the new constitution; and they and the Dominion are bound by the terms of that constitution as it stands today; so that when you come to face any question as to how you are going to amend that constitution, and the amendment in prospect is one which will take away from the provinces a thing which they got at Confederation, you have to consult the provinces."

The union of the provinces as a Canadian Federation was the result of agreement between them and the terms of the union are set forth in the British North America Act. Our Constitution is a balanced one and the necessity for maintaining the balance between centralization and de-cen-

tralization is, it is submitted, as important today as it was when, after conference and discussion the provinces agreed to adopt that new form of government which has been Canada's since 1867.

Ontario and Its Place in Confederation

Ontario statesmen and Ontario public opinion played leading roles in bringing about Confederation, and Ontario has always borne its full share of the political and economic burdens of Confederation. As we shall show later on, Ontario pays over 45 per cent. of the Dominion's taxes, and the Dominion tax collections in Ontario per caput are higher than in any other province and more than twice as much per caput as in six of the eight provinces. Ontario has spent hundreds of millions of dollars on highways and northern development, and out of much of this development the Dominion draws far more revenue than does the Province. The economy of the Dominion as a whole has profited immeasurably from these developmental works.

Ontario is proud of its contributions to the Dominion as a whole through its educational institutions. The many millions of dollars spent on its universities have been dispersed through the services of its graduates in every section of the Dominion.

Ontario people took a large part in the opening of the West. During the thirty years from 1881 to 1911 about 300,000 Ontario-born people settled permanently in the western provinces. In 1901, 121,500 or 20.5 per cent. of the population of the West were Ontario-born; in 1911 the figures totalled 273,100 or 15.9 per cent.

This large western migration did not occur without creating difficulties and losses in Ontario. It produced a serious problem of rural depopulation. Between 1881 and 1911 the rural population of the group of Ontario counties comprising the northern half of the Western Ontario peninsula fell from 309,000 to 213,000, a fall of 96,000 or 31 per cent. The Southern tier of counties east of Toronto declined from 285,000 to 220,000 or 22 per cent. These two groups of Ontario counties lost 160,000 of their rural population, and in the same years the Ontario-born population of the Western provinces increased by 252,000.

These thirty years were, in large measure, years of urban industrial expansion, and the effects of the westward migration of the rural Ontario-born were largely concealed in the general upward movement. But it caused acute distress in the areas most affected; abandoned farms, high tax-

ation, lowered standards of life, the disruption of the whole social and economic life of a considerable part of Ontario. In part the population was drawn off by the lure of the West, but in large part it was driven off the Ontario wheat fields by the competition of low-cost Prairie wheat.

These Ontario people who so largely settled the West were in many respects the best of our blood. Born, educated and trained in Ontario they gave the best of their working lives to developing the West.

Considerable amounts of Ontario money went into the development of the West. Most of the foreign industrial capital invested in Canada is in Ontario. Much of the money used in financing the costs of settlement of the Western farmer came from Ontario. Foreign capital was reluctant to venture into this less familiar and more risky field in sufficient quantities, and, in a sense, the credit of Ontario industries and resources was pledged to provide capital for western development. It is reasonably certain that, taking good years with bad, the money so invested has yielded no more, if as much as a normal rate of interest.

What proportion of the western public and private debts are held in Ontario is not known. It should be noted, however, that a large part of the holdings that may be attributed to Ontario are merely held in trust by Ontario institutions for non-Ontario and non-Canadian beneficiaries. Ontario trust and loan companies and private lending agents probably hold at least \$100,000,000 for non-Canadian clients.

On balance, Ontario is not a "creditor country." Between one-quarter and one-third of Ontario's industrial and financial capital is borrowed from or owned by non-Canadians.

Some light on the percentage of unearned income accruing to residents of Ontario is given by the statistics of the income tax returns for 1931-32. (see Exhibit 125.) These tables yield the following figures:

STATISTICS OF "EARNED" AND "UNEARNED" INCOME 1930

	Average Income per Taxpayer			Percentages		
	"Earned"	"Unearned"	Total	Total Earned Income	Total Unearned Income	Total Net Pro- duction
Maritimes	\$3,620	\$1,320	\$4,940	4.9 p.c.	5.2 p.c.	6.4 p.c.
Quebec	3,807	1,566	5,373	22.7	27.6	27.2
Ontario	3,804	1,381	5,185	46.6	49.6	43.4
Prairies	3,490	613	4,103	16.6	8.6	14.4
British Columbia	3,335	1,088	4,423	9.2	9.0	8.5

In Ontario a very much larger proportion of the volume of production comes from business units organized on a corporate basis, and a much lesser proportion comes from individually owned and operated business units, hence a considerable amount of income is received as "dividends", which in an economic sense are "earned" income. When such facts are considered the comparatively small differences between the percentages of the last three columns are largely explained.

These figures clearly indicate there is no excessive concentration of "unearned" income in Ontario. Indeed, it seems doubtful if, on balance, there is any net inflow of investment income into Ontario from the rest of Canada.

Ontario has been called one of the senior partners in Confederation. It may be observed in conclusion that its voice in the partnership has grown less influential with the growth of the Dominion. In 1871 Ontario had 44 per cent. of the population, in 1901, 41 per cent., and in 1931, 33 per cent. In 1872 Ontario had 44 per cent. of the seats in the House of Commons, and 33 per cent. in the Senate. To-day it has 33 per cent. in the House of Commons and 25 per cent. in the Senate.

The Constitutional Basis of the Division of Powers

The division of legislative power as between the Dominion Parliament and the Provincial Legislatures is set forth in Sections 91, 92, 93 and 95 of the Act. Sections 93 and 95 deal specifically with education, agriculture and immigration and it is largely in relation to other subject matters that extensive litigation developed. Sir John A. MacDonald said he hoped the division of powers was so clear that all conflict of jurisdiction and authority would be avoided. However, in the operation of the Act his hopes were not realised, and the question of the division of power under 91 and 92 (which has been called the tantalizing central problem of federation) has been the subject of numerous judicial decisions, the most important of which have been referred to in submissions already made to you. That there would have to be judicial interpretation of sections of this kind from time to time might, we submit, have reasonably been expected by the framers of them, especially where the demarcation of the limits of fields of taxation is involved. The enumeration of the powers is general in its nature; the lists necessarily overlap, and the courts have deemed it unwise to attempt exhaustive definitions in the two fields of jurisdiction. The wisdom of refraining from attempting judicially to define the division of powers exhaustively is referred to in *The John Deere Plough Company case* by Viscount Haldane, L.C.:

"The structure of sections 91 and 92 and the degree to which the connotation of the expressions used overlap render it . . . unwise on this or any other occasion to attempt exhaustive definitions of the meaning and scope of these expressions. Such definitions in the case of language used under the conditions in which a constitution such as that under consideration was framed must almost certainly miscarry. It is in many cases only by confining decisions to concrete questions, which have actually arisen in circumstances the whole of which are before the tribunal, that injustice to future suitors can be avoided. . . . In discharging the difficult duty of arriving at a reasonable and practicable construction of the language of the sections, so as to reconcile the respective powers they contain and give effect to them all, it is the wise course to decide each case which arises

without entering more largely upon an interpretation of the statute than is necessary for the decision of the particular question in hand. The wisdom of adhering to this rule appears to their lordships to be of especial importance when putting a construction on the scope of the words "civil rights" in particular cases. An abstract logical definition of their scope is not only, having regard to the context of the 91st and 92nd sections of the Act, impracticable, but is certain, if attempted, to cause embarrassment and possible injustice in future cases." *The John Deere Plough Company v. Wharton*, (1915) A. C. 330. at 338. In the earlier case of *Citizens Insurance Co. v. Parsons* (1881) 7 A. C. 96 Sir Montague Smith said, p. 109, "It could not have been the intention that a conflict should exist; and in order to prevent such a result, the two sections (91 and 92) must be read together and the language of one interpreted and where necessary, modified by that of the other. In this way it may, in most cases, be found possible to arrive at a reasonable and practical construction of the language of the sections so as to reconcile the respective powers they contain, and give effect to all of them."

These sections cover all matters properly the subject of any legislation within Canada, whether provincial or dominion, and exhaust the whole range of self-government. *Attorney General for Ontario v. Attorney General for Canada* (1912) A. C. 571. In that case Earl Loreburn said (p. 581), "Now there can be no doubt that under this organic instrument the powers distributed between the Dominion on the one hand and the provinces on the other hand cover the whole area of self-government." And at p. 583, "When the text is ambiguous, as, for example, when the words establishing two mutually exclusive jurisdictions are wide enough to bring a particular power within either, recourse must be had to the context and the scheme of the Act. Again if the text says nothing expressly, then it is not to be presumed that the constitution withholds the power altogether."

Under section 91, head 3, the Dominion is given the power for the "raising of money by any mode or system of taxation" and under section 92, head 2, a province may exclusively make laws in relation to "direct taxation within the province in order to the raising of revenue for provincial purposes", and under head 9, in relation to "shop, saloon, tavern, auctioneer, and other licenses in order to the raising of a revenue for provincial, local, or municipal purposes."

In referring to the overlapping of taxing powers in the case of *Attorney General of Canada v. Attorney General of Ontario* (1898) A. C.

700, Lord Herschell said (at p. 713). "It is true that by virtue of section 92, the Provincial Legislature may impose the obligation to obtain a license in order to raise a revenue for provincial purposes; but this cannot in their Lordships opinion derogate from the taxing power of the Dominion Parliament to which they have already called attention. Their Lordships are quite sensible of the possible inconveniences, to which attention was called in the course of the arguments, which might arise from the exercise of the right of imposing taxation in respect of the same subject matter and within the same area by different authorities. They have no doubt, however, that these would be obviated in practice by the good sense of the legislatures concerned."

The necessity for great care in determining the respective jurisdictions is strikingly pointed out by Lord Watson in *Attorney General of Ontario v. Attorney General for the Dominion* (1896) A. C. 348 at 360 where he says, "...the exercise of legislative power by the Parliament of Canada in regard to all matters not enumerated in section 91 ought to be strictly confined to such matters as are unquestionably of Canadian interest and importance.... To attach any other construction to the general power which in supplement of its enumerated powers is conferred upon the Parliament of Canada by section 91 would in their Lordships opinion not only be contrary to the intendment of the act but would practically destroy the autonomy of the Provinces."

The difficult problem of determining whether a particular tax is direct or indirect has been dealt with in numerous decisions. Many forms of taxation have been attempted under provincial authority which have been held to be ultra vires on the ground of indirectness and it is no doubt desirable that if possible some method be found of clarifying the situation.

There has been a great deal of discussion and comment on the decisions on these sections of the Act, their trend and so on and their effect on contemporary problems. The approach has generally been from the standpoint of what the critic's view is as to where jurisdiction should rest, in the light of present conditions in Canada, and the criticisms involve the terms of the Act itself as well as the decisions under it. The problem is basically a financial one rather than a constitutional one and the increasing attention paid to it due to the financial difficulties of the provinces and the necessity for supplying additional Social services. Submissions have been made to you that the solution of the problems under discussion lies in increasing the jurisdiction of the Dominion Government. The following comment on this point is made in Prof. J. A. Maxwell's book on *Federal subsidies to the Provincial Governments in Canada* at p. 243.

"A serious objection to this last proposal is that extension of the powers of the federal government means centralization. Steps in this direction ought to be taken only after careful deliberation. Canada is a large country and it is homogeneous neither in race nor in economic development. A policy satisfactory to Alberta may be unsatisfactory to Quebec; what appeals to Nova Scotia may not appeal to Ontario. The crux of most social legislation is administration, and administration from Ottawa might turn out to be bureaucratic, inflexible, and unsympathetic toward the variety of provincial needs. These dangers are intangible and difficult to appreciate, but that they are real is attested by the experience of every Federal country. The Australian Commonwealth Grants Commission is acutely conscious of them. It points out that some confusion of policies is inevitable in federalism but "this is better than that a unified authority should make an ineffective attempt to administer and control the details of the life of the whole group (second report p. 43)." It is not inconceivable that for Canada, premature centralization might bring about a less rather than a more stable political organization, because it might aggravate the disharmonies inherent in a federation."

In this connection it is submitted that the necessity for a remedy, and, if one is needed, the nature of it, can be satisfactorily determined after all the facts are found, only by the time-honored British custom of conference and discussion by the parties concerned, namely the Provinces and the Dominion.

Problems of Finance and Taxation

The Constitutional Basis of Canadian Public Finance

Public Finance comprises Revenue, Expenditure and Debt. The powers of the respective governments in these matters are prescribed by the British North America Act and have, in the course of years, received elaborate interpretation by the Courts.

It is doubtless unnecessary to recall to the Commission the details of the provisions and the complexity of the interpretations. In summary form it may be said that the sources of the revenues of the Province, apart from the net revenue from government owned enterprises, are to be found chiefly under:

- Section 92 (2)—Direct taxation within the Province;
- 92 (3)—The borrowing of money on the credit of the Province;
- 92 (5)—The management of Public Lands;
- 92 (9)—Shop, saloon and other licenses;
- 109 —The ownership of Natural Resources;
- 118 —Federal subsidies.

These sources of revenue are limited by section 90 (the Federal power of disallowance), section 121 (the provision for interprovincial free trade), section 125 (the exemption from taxation of Dominion and Provincial property), and by the sweeping terms of section 91 (3) which gives to the Dominion power to raise money by any mode or system of taxation.

The sources of Dominion revenue arise chiefly out of:

- Section 91 (2)—The regulation of trade and commerce;
- 91 (3)—The raising of money by any mode or system of taxation;
- 91 (4)—The borrowing of money on the public credit;
- 91 (5)—The postal service;
- 91 (14)—Currency and coinage;
- 91 (15)—Banking and the issue of paper money;
- 91 (20)—Legal tender.

The adequacy of sources of revenue can be considered only in relation to the spending functions of governments.

The principal spending functions assigned to the Province are:
The management and development of the Public Domain;
Prisons and reformatories;
Hospitals, Asylums, Charities and Eleemosynary institutions;
Municipal institutions;
Public works of all sorts (except those assigned to the Dominion);
Property and Civil rights;
The administration of Justice and the maintenance of the Courts;
Education;
Agriculture;

The principal spending functions assigned to the Dominion are:
Defence;
Navigation and shipping;
The postal services;
The services of the public debt;
Interprovincial railways and canals;
Such other public works as may be declared to be for the general advantage of Canada.

It was expected and intended, and for a full generation it was a fact, that the Federal subsidies and the revenues of the Public Domain would provide a sufficient revenue for the Province. But thirty years ago or more changes in the conception of the functions of government profoundly altered the balance between spending functions and sources of revenue. The duties assigned to the Province, which, under the simple social theory of the 19th century had been minor and inexpensive, have assumed a large and rapidly increasing importance.

Between 1870 and 1900 the per caput expenditures of both the Dominion and the Province doubled. But between 1900 and 1937 (notwithstanding the War, the railway problem, and the Dominion's assumption of part of the costs of relief) the per caput Dominion expenditure only a little more than quadrupled; while the per caput expenditures of Ontario increased more than thirteen-fold.

Distribution of Dominion Revenues and Expenditures by Regions

Any system of public finance, of taxation and expenditure, involves transfers of purchasing power. Governments collect money from one group

of individuals and pay money to others and, of course, overlapping groups of individuals. These transfers can be considered as between economic classes or groups, or as between geographical areas. In this section we estimate the transfers between geographical areas arising out of the Dominion system of public finance.

An estimate of the distribution of the burden of taxation requires some estimate of the final incidence of each type of tax. The incidence of any given tax varies to some extent with differences in the local or regional economy and in different stages of the business cycle; but the broad principles of incidence are reasonably well established, and will apply over any reasonable length of time.

The geographical distribution of the collection of Dominion Government revenues has been estimated on the following bases:

1. Consumption taxes, i.e., customs, excise and sales taxes, are assumed to fall ultimately on the consumer, and have been allocated in proportion to the recorded value of retail sales in each region. It is generally agreed that in the long run consumption taxes rest on the consumer. Over shorter periods of time, however, they may be passed on by the original tax-payer only in part, or they may be passed back to wage-earners, to suppliers of raw materials, or to other elements in the cost of production. This is most likely to happen in the case of goods of relatively elastic demand and especially in periods of falling prices and declining business activity. When the rate of such taxes is sharply increased in a period of declining business the probability of the absorption of the tax by the manufacturer is very greatly increased. It is reasonably certain that in the years 1930 to 1936 a large part of the sales tax, and to a lesser extent of the customs and excise taxes, was not passed on to the consumer, but was either absorbed by the manufacturer or shifted backwards to the more flexible elements in the cost of production. Consumption taxes levied on "capital goods" are also unlikely to be passed on to the ordinary consumer in the short run periods of stagnant business. In other words, the assumption that all consumption taxes were born in proportion to the value of retail sales in each area substantially over-estimates the share collected, say, the Prairie provinces, and substantially under-estimates the share borne in Ontario. (It is admitted that customs collections may not measure the full costs of a tariff system, but this section is primarily concerned with estimating the amount of "transfer" directly out of the Dominion system of public finance. The broader issues of the tariff question are discussed more fully in another section.)

2. Income taxes are not shifted, except in very unusual circumstances. The final incidence of the personal income tax is on the person who pays the tax. The final incidence of the corporation income tax is on the shareholders, and occasionally on other investors in the corporation. The burden of the corporation income tax on Ontario is over-estimated if, and to the extent that "foreign" shareholdings of corporations with head-offices in Ontario exceed Ontario shareholdings of corporations with head-offices elsewhere.

3. The Gold tax (a small item in the years 1935 and 1936), is distributed in proportion to the production of gold in the several provinces.

4. All other Dominion revenues (excepting the Post Office which is excluded from both the revenue and expenditure figures) amount to a figure that is from 6 to 8 per cent. of total Dominion revenues, and these are allocated in proportion to the net value of production in each geographical region.

The above bases of allocation yield the following results: For details see Appendix—Table 3.

GEOGRAPHICAL DISTRIBUTION OF DOMINION TAX COLLECTIONS

(in millions of dollars)

Fiscal Year	Maritimes	Quebec	Ontario	Prairies	British Columbia	Total Revenues (incl. Yukon & N.W.T.)
1928-29	\$ 24.9	\$101.7	\$171.6	\$ 91.5	\$ 35.7	\$424.9
1929-30	24.1	102.1	168.1	78.8	34.5	408.1
1930-31	19.0	82.6	134.6	55.3	27.6	319.4
1931-32	18.9	78.7	127.5	47.0	25.1	297.5
1932-33	17.0	74.0	118.9	43.7	22.0	275.7
1933-34	18.4	75.5	128.1	46.6	23.8	293.2
1934-35	20.6	80.7	147.0	51.1	27.2	327.2
1935-36	21.4	84.1	152.9	51.9	28.8	339.7
1936-37	25.8	100.4	185.9	62.7	35.7	410.8

(in percentages)

1928-29	5.7 p.c.	23.9 p.c.	40.4 p.c.	21.5 p.c.	8.4 p.c.
1929-30	5.9	25.0	41.2	19.3	8.5
1930-31	6.0	25.9	42.1	17.3	8.6
1931-32	6.3	26.5	42.8	15.8	8.5
1932-33	6.2	26.8	43.1	15.8	8.0
1933-34	6.3	25.9	43.7	15.8	8.2
1934-35	6.3	24.8	44.9	15.6	8.3
1935-36	6.3	24.8	45.0	15.3	8.5
1936-37	6.2	24.4	45.3	15.3	8.7

The percentages of total revenue coming from the Maritimes, Quebec and British Columbia have remained fairly constant, fluctuating within narrow limits. The percentage falling on Ontario has increased steadily from 40.4 per cent. in 1928-29 to 45.3 per cent. in 1936-37, while that on the Prairies has fallen steadily from 21.5 per cent. in 1928-29 to 15.3 per cent. in 1936-37.

Comparing total revenues in 1928-29 with total revenues in 1936-37 we find that total collections from Quebec fell about \$1,300,000, and from the Prairies \$28,800,000. Collections from Ontario rose \$14,300,000 and from the Maritimes about \$900,000. The net effect of the various factors influencing tax collections during the past ten years has been to take a substantial burden off the Prairies and place it upon Ontario.

The per caput tax revenues by the Dominion Government in each region are as follows:—

Per Caput Dominion Revenues

	Maritimes	Quebec	Ontario	Prairies	British Columbia
1928 - 29	\$ 24.81	\$ 37.46	\$ 52.37	\$ 41.87	\$ 55.75
1929 - 30	23.97	36.83	50.44	35.10	52.40
1930 - 31	18.85	29.23	39.78	24.04	40.78
1931 - 32	18.72	27.38	37.13	19.98	36.20
1932 - 33	16.65	25.44	34.23	18.35	31.20
1933 - 34	17.86	25.42	35.94	19.51	33.50
1934 - 35	19.85	26.74	40.50	21.28	37.48
1935 - 36	20.47	27.46	41.61	21.58	39.36
1936 - 37	24.21	32.43	50.37	25.97	47.57

Dominion tax revenues in Ontario per head of population are about the same as in British Columbia; from 30 to 50 per cent. higher than in Quebec; and more than double the figure for the Maritime Provinces. Compared with the Prairie Provinces they were 25 to 30 per cent. higher before the depression, and have been almost double the Prairie figures in each of the last six years.

Dominion Government expenditures are more difficult to allocate. Certain expenditures can be allocated definitely to certain areas; for example, statutory subsidies, old age pension grants, relief grants, coal subsidies, wheat subsidies, public works, etc. Other expenditures must be allocated according to some principle. In the following table debt charges and pensions have been allocated on a per caput basis. This is the principle adopted by the Australian Grants Commission. The deficit of the C.N.R. has been allocated according to the tonnage of freight traffic originating in each area. A much larger part than this method provides might properly be charged to the Prairie Provinces, since in comparison with freight rate structures in the United States, for example, freight rates on wheat are abnormally low. All other expenditures have been allocated in proportion to the sum total of the preceding allocations.

The following table covers the years 1935-6 and 1936-7.

Distribution of Dominion Government Expenditures
(in millions of dollars)

	Benefits Special	Pension Debt	C.N.R. and Deficit	All Other	Total	Per- centage
1935 - 36						
Maritimes	\$ 30.1	\$ 16.9	\$ 7.6	\$ 12.4	\$ 66.9	13.0 p.c.
Quebec	35.4	49.3	7.3	20.9	113.0	22.0
Ontario	50.6	59.2	13.4	28.0	151.2	29.5
Prairies	62.8	38.7	15.6	26.6	143.7	28.0
British Columbia ..	15.6	11.8	3.6	7.0	38.1	7.4
Total (incl. Yukon)	\$194.5	\$176.1	\$ 47.4	\$ 95.0	\$513.0	
1936 - 37						
Maritimes	\$ 28.0	\$ 17.2	\$ 6.9	\$ 11.6	\$ 63.7	13.0 p.c.
Quebec	34.6	50.3	6.8	20.5	112.1	22.9
Ontario	48.0	59.9	13.0	27.0	148.0	30.2
Prairies	49.6	39.2	13.6	22.9	125.2	25.6
British Columbia ..	17.8	12.2	3.1	7.3	40.3	8.2
Total (incl. Yukon)	\$177.9	\$178.8	\$ 43.3	\$ 89.5	\$489.6	

The percentage distribution of Dominion Government revenues and expenditures in these two years is thus as follows:—

	Maritimes	Quebec	Ontario	Prairies	British Columbia
1935 - 36					
Revenue	6.3 p.c.	24.8 p.c.	45.0 p.c.	15.3 p.c.	8.5 p.c.
Expenditure .	13.0	22.0	29.5	28.0	7.4
1936 - 37					
Revenue	6.2	24.4	45.3	15.3	8.7
Expenditure .	13.0	22.9	30.2	25.6	8.2

In both the years under consideration there were heavy deficits. These deficits mean addition to the government debt, the burden of which is borne in the long run by each area in proportion to its contributions to the Dominion's revenue.

In the following table each region has been debited with its share of the deficit for the year, and a balance is struck showing the net transfers to or from each area resulting from the Dominion Government's ordinary financial transactions.

(in millions of dollars)

1935 - 36	Revenue Collected	Share of Deficit	Total	Expendi- tures	Balance Cr.	Dr.
Maritimes	\$ 21.4	\$ 10.9	\$ 32.3	\$ 66.9	\$34.6	
Quebec	84.1	43.0	127.1	112.0		\$14.1
Ontario	152.9	78.0	230.9	151.2		79.7
Prairies	51.9	26.5	78.4	143.7	65.3	
British Columbia	28.8	14.7	43.5	38.1		5.4
1936 - 37						
Maritimes	25.8	4.9	30.7	63.7	33.0	
Quebec	100.4	19.4	119.8	112.1		7.7
Ontario	185.9	35.7	221.6	148.0		73.6
Prairies	62.7	12.1	74.8	125.2	50.4	
British Columbia	35.7	6.8	42.5	40.3		2.2

The net result of Dominion Government finance has been to transfer \$75,000,000 or \$80,000,000 from the Province of Ontario for the benefit of the Maritime Provinces and the Prairie Provinces. This transfer represents about \$21 per caput in Ontario.

The above calculations do not take into consideration the large loans made by the Dominion to certain provinces during the past seven years. On March 31st, 1937 those loans were as follows:—

Alberta	\$ 25,886,198
British Columbia	31,545,080
Manitoba	20,130,855
Saskatchewan	54,427,509
Total	\$131,989,642

A considerable part, if not all, of the above loans will probably be written off by the Dominion, and will constitute an addition to the Dominion debt, to be borne eventually in proportion to the distribution of the Dominion tax burden; that is, approximately 45 per cent. by Ontario.

The Dominion has guaranteed certain other provincial obligations to the following amounts:—

British Columbia	\$ 626,534
Manitoba	12,691,752

In addition to the above loans and guarantees, the Dominion has loaned approximately \$23,500,000 to seven of the provinces for housing schemes. These loans were made in the years 1920 to 1923. Ontario borrowed \$9,350,000 and repaid this sum in full in 1927. Quebec has repaid 99 per cent. of the \$7,350,000 it borrowed. Nova Scotia and New Brunswick have repaid about 60 per cent., Manitoba and Prince Edward Island have repaid about 40 per cent. British Columbia has paid nothing on principal account. The amount of loans still outstanding on March 31st, 1937 were:—

Prince Edward Island.....	\$ 30,500
Nova Scotia	607,000
New Brunswick	588,700
Quebec	730,688
Manitoba	1,072,000
British Columbia	1,701,500

Total	\$4,730,388
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The Province of Ontario does not suggest that in a Federal country there should be no such transfers. Ontario, on the contrary, believes that in a federal state, a considerable amount of such transfers are both inevitable and just; and Ontario has never shirked its fair share of responsibility in carrying the burdens of Confederation. But the above figures show that the suggestions put forward by certain other provinces and in other briefs, that Ontario does not pay its fair share of taxation, are both inaccurate and ungenerous. The Government of Ontario believes that the people of Ontario have carried their share, and more than their share of the financial burden of Confederation.

Total Tax Burden in Canada

The preceding section has estimated the distribution of Dominion taxation and expenditure over the several regions of Canada. In this section the total burden of taxation, Dominion, provincial and municipal, in each region is estimated.

In the following tables and discussion Dominion tax collections are distributed in accordance with the estimates made in the preceding section.

Provincial taxation is taken to be the total ordinary provincial receipts less Dominion government grants and less interest received on in-

vestments in sinking funds, in hydro electric systems, railways, telephones, etc. The figures have been taken from the Canada Year Book, the public accounts of the provinces, the Bank of Canada Report on the three Prairie Provinces, and from briefs already submitted to this Royal Commission. Estimated figures have been used for New Brunswick in 1936, and for Quebec in 1936. It is submitted that total ordinary receipts (less the items specified) provide a more consistent basis for comparison than so-called "tax receipts". In some provinces automobile licenses are treated as a tax, in others they are included in non-tax revenue. Receipts from natural resources may be either a tax or a non-tax revenue, depending in part on policy in times past with respect to alienation, and in part on arbitrary definitions or legal technicalities. Distinctions between ordinary and capital receipts are not altogether consistent either in time or in space. We have not attempted to reconcile these differences. We understand the Commission, through its secretariat, is making very careful and detailed statistical studies of provincial and municipal finances. Doubtless these studies when completed will vary in detail from the figures given here. We are confident, however, that such changes will not alter the broad trends clearly indicated in the following tables.

Municipal taxation is the total tax collections of all municipalities in each year as recorded in the Canada Year Book, provincial reports on municipal affairs, and in various briefs already submitted to this Royal Commission. Estimated figures have had to be used for Prince Edward Island in all years (the basis of this estimate being to add fifty per cent. each year to the figures for Charlottetown), for Nova Scotia, New Brunswick, Quebec and Manitoba in 1935 and 1936, and for Saskatchewan in 1936.

In all instances where fiscal years do not correspond to calendar years, they have been assigned to the nearest calendar year. Quebec's provincial fiscal year ending June 30th has been treated as falling in the previous calendar year.

The following table gives the final aggregation. Fuller details are given on page 26.

Total Taxation (Dominion, Provincial and Municipal) by Regions
(in millions of dollars)

	Maritimes	Quebec	Ontario	Prairies	British Columbia
1928	\$45.4	\$202.0	\$334.8	\$181.5	\$72.2
1929	46.2	212.9	346.7	171.7	76.6
1930	41.9	195.3	310.0	137.0	68.8
1931	41.8	189.2	301.2	118.3	68.2
1932	41.1	184.4	291.4	118.5	61.5
1933	41.0	183.4	203.4	120.5	63.1
1934	45.1	169.8x	312.0	127.9	67.1
1935	46.8	182.1	337.8	131.6	69.6
1936	51.3	205.9	385.2	146.5	81.7

(in dollars per caput)

1928	\$45	\$74	\$102	\$83	\$113
1929	46	77	104	77	116
1930	42	69	92	60	102
1931	41	66	88	50	98
1932	40	63	84	50	87
1933	40	62	82	50	89
1934	43	56x	86	53	93
1935	45	59	92	55	95
1936	48	67	104	61	109

x—A change in the method of reporting municipal taxation in Quebec occurred in 1934 and creates an inconsistency between the 1934-36 figures and those of earlier years. The apparent inconsistency between 1933 and 1934 is about \$20,000,000, or nearly \$7 per caput.

These tables again illustrate the fact that Ontario and British Columbia are the most heavily taxed areas in Canada; that Quebec and the Prairies occupy an intermediate position; and that taxation in the Maritime Provinces is very much lower.

It is admitted, of course, that the real burden of taxation is a function of income, and that during the past eight years per caput income has probably been higher in Ontario and British Columbia than in other parts of Canada. Income on the Prairies probably compares favorably with that in Ontario in prosperous years; unquestionably it has been depressed in the years since 1930.

It would be useful and proper, therefore, to express taxation as a percentage of income. But unfortunately income figures are very difficult to

estimate. The Dominion Bureau of Statistics estimates of the national income of Canada as a whole are doubtless as good as can be made with the statistical and technical resources available to it, but no one, not even the Bureau itself, is very well satisfied with them. Reasonably acceptable estimates for each of the economic regions of Canada do not as yet exist.

We understand that the Commission, through its secretariat, is exploring the possibilities of such regional estimates. We shall be most interested in studying the results of its inquiry when they are available.

All that can be usefully said here, is that on the basis of the statistical evidence available we believe that the real burden of taxation in Ontario is as great or greater than that in any other part of Canada, excepting again the drought-stricken areas of the Prairies in the years since 1930.

TOTAL TAXATION IN CANADA BY REGIONS

		(in millions of dollars)			
	Maritimes	Quebec	Ontario	Prairies	British Columbia
DOMINION					
1928	\$24.9	\$101.7	\$171.6	\$91.5	\$35.7
1929	24.1	102.1	168.1	78.8	34.5
1930	19.0	82.6	134.6	55.3	27.6
1931	18.9	78.7	127.5	47.0	25.1
1932	17.0	74.0	118.9	43.7	22.0
1933	18.4	75.5	128.1	46.6	23.8
1934	20.6	80.7	147.0	51.1	27.2
1935	21.4	84.1	152.9	51.9	28.8
1936	25.8	100.4	185.9	62.7	35.7
PROVINCIAL					
1928	9.9	37.7	55.7	35.1	20.4
1929	11.2	41.7	61.9	35.8	24.8
1930	12.1	39.4	54.7	31.1	23.2
1931	11.9	36.8	51.4	23.5	24.8
1932	13.2	30.7	51.2	27.9	22.5
1933	11.6	28.4	48.4	29.3	21.7
1934	12.3	29.4	47.1	29.8	21.9
1935	12.9	35.0	62.8	32.1	22.8
1936	13.1x	40.4x	77.5	35.2	26.5
MUNICIPAL					
1928	10.6x	62.6	107.4	54.9	16.2
1929	10.9x	69.4	116.7	57.1	17.3
1930	10.8x	73.3	120.6	50.5	18.0
1931	11.0	73.8	122.3	47.7	18.3
1932	10.9	79.6	121.3	46.9	17.1
1933	11.0	79.5	116.9	44.6	17.5
1934	12.2	59.7§	117.9	47.0	18.0
1935	12.4x	63.0x	122.1	47.6x	17.9
1936	12.4x	65.0x	121.8	48.5x	19.5
TOTAL					
1928	45.4	202.0	334.8	181.5	72.2
1929	46.2	212.9	346.7	171.7	76.6
1930	41.9	195.3	310.0	137.0	68.8
1931	41.8	189.2	301.2	118.3	68.2
1932	41.1	184.4	291.4	118.5	61.5
1933	41.0	183.4	293.4	120.5	63.1
1934	45.1	169.8	312.0	127.9	67.1
1935	46.8	182.1	337.8	131.6	69.6
1936	51.3	205.2	385.2	146.5	81.7
TOTAL (in dollars per caput)					
1928	\$45	\$74	\$102	\$83	\$113
1929	46	77	104	77	116
1930	42	69	92	60	102
1931	41	66	88	50	98
1932	40	63	84	50	87
1933	40	62	82	50	89
1934	43	56 §	86	53	93
1935	45	59	92	55	95
1936	48	67	104	61	109

x—Partly estimated. §—Changed basis of reporting.

Dominion collections distributed as described on pp. 16-17.

Provincial collections are total ordinary receipts less Dominion Government grants and less interest receipt on investments in hydro, railways, telephones, etc.

Municipal figures are total tax collections for the year.

Ontario Provincial Finance

1. *Revenue and Expenditure*

The accompanying tables (pp. 37-40), set out briefly and clearly the main features of the finances of the Province of Ontario from 1870 to 1937. The first three tables give the figures of each decennial year from 1870 to 1930 and 1937. The first gives the absolute figures, the second the per caput figures, and the third puts the figures in the form of percentages. In order to get comparability of figures over a long period of time the basis of compilation could not be quite the same as the modern standard classification. Minor differences of detail and of totals occur due to the necessary inclusion and exclusion of such things as revenue deductions from expenditure, variations in practice with reference to capital and current classifications. The tables broadly interpreted, give a fair and accurate picture of the trend of Ontario provincial finances since Confederation. (For annual summary 1867-1928 see Table 1—Appendix.)

The tables speak for themselves, and require only a little comment by way of emphasis or explanation. It is not necessary to go into detail to establish what is generally known or to explain constitutional and economic trends that must have become very familiar to the Commission.

The British North America Act, especially with reference to its economic and financial provisions was conceived in a society very different from our own. The politico-economic philosophy of the Fathers of Confederation could be summed up in the well-known phrase of Adam Smith—that the proper functions of the state are limited to “defence, justice and certain public works.” Primary education was perhaps the only important extension of these limits to which there would have been general agreement; and the “certain public works,” which Governments might suitably undertake or subsidize, covered a much wider range in the minds of Galt and his associates than it did in the mind of Adam Smith.

So long as the society which gave it birth remained, the economic financial scheme of the British North America Act worked reasonably well. As late as 1900 it was functioning much as it had been intended and expected. Speaking in the Confederation debates Galt had expressed the confident belief that the provinces would find in their “territorial domain and valuable mines sources of revenue far beyond the requirements of the public service.” For more than thirty years Galt’s prediction held substantially true. In 1900 the cost of government in Ontario

was only \$1.75 per caput. Of this, in round figures, 45c went to Public Welfare (chiefly aid to hospitals and asylums), 40c went in grants to education and 25c each to the administration of justice and general costs of civil government. Aid to roads and railways took 15c, and the remaining 25c went to the development and administration of lands, forests, mines and agriculture. There was no public debt. These modest costs were met by the Dominion subsidy of 66c per caput, the revenues of the public domain amounting to 67c; fines, fees, and licenses of 27c, and the balance was more than covered by corporation taxes and succession duties yielding 22c per caput. In that year there was surplus of \$200,000 or 9c a head.

A summary for the first 33 years of Confederation can be obtained from tables prepared by the Royal Commission on the Financial Position of the Province of Ontario (Toronto, 1900). The accounts there given, after deducting loan repayments and institutional receipts, show the following totals of revenues and expenditures for the years 1867 to 1899.

TOTAL ONTARIO REVENUE AND EXPENDITURE 1867 to 1899

(in thousands of dollars)			Annual Average Per Caput
Revenue		Percentage	
Dominion Subsidies	\$44,811	50.1 p.c.	\$0.71
Taxes—Succession	\$1,179		
Other	153	1.5	.02
Licenses, fees, etc.	9,219	10.3	.15
Public Domain	30,540	34.1	.48
Interest	3,334	3.7	.05
Other	220	0.3	—
	<u>\$89,456</u>	<u>100.00</u>	<u>\$1.41</u>
Expenditure		Percentage	Annual Average per Caput
Public Welfare	\$18,996	23.9 p.c.	\$0.30
Education	16,594	20.9	.26
Justice	9,881	12.5	.16
General Government	12,196	15.4	.19
Agriculture	4,208	5.3	.06
Public Domain	5,180	6.5	.08
Highways and Bridges	4,327	5.5	.07
Other—			
Aid to Railways	\$5,705		
Miscellaneous	2,223	10.0	.13
Total	<u>\$79,310</u>	<u>100.0</u>	<u>\$1.25</u>
Balance—Cost of			
Public Bldgs.	\$9,549		
Cash in Bank	597		
	<u>10,146</u>		
	<u>\$89,456</u>		

With the new century came a broadening of the conception of the functions of government. During the first decade the emphasis was on government aid in the development of economic resources. By 1910 expenditures on agriculture, lands, forests, mines and roads had quadrupled, grants to education had increased by 160 per cent., and the general cost of civil government by 85 per cent. Public debt appeared for the first time, incurred chiefly to finance railway and road development in the Pre-Cambrian mining areas.

The second decade, 1910-20, was marked by a maintained or increased tempo of developmental and educational expenditures but to these was added the beginning of a new significant trend, the expansion under government auspices of the social services. In this decade expenditures on public welfare, hospitals, asylums, minimum wage boards, employment offices, etc. nearly trebled. Educational grants considerably more than doubled, due chiefly to increased facilities for secondary education. Expenditure on roads, agriculture and the public domain again doubled. The public debt increased to \$127,000,000, of which \$89,000,000 was invested in Hydro and in the T. & N. O. Railway. Gross debt charges were \$5,600,000 against which there was an offset of \$3,000,000 in interest received from revenue producing investments.

The total cost of government in 1920 was \$8.44 per caput, or if the offsetting interest receipts be deducted, \$7.35. By 1930 this figure had risen to \$18.95, or less interest receipts \$15.61 per caput. The increase of \$8.26 per caput is made up as follows.

Increase in	Public Welfare	Expenditure, per caput	....	\$ 2.06
"	Education	"	"	2.00
"	Net Debt	"	"	1.98
"	Highways	"	"	1.63
"	All Other	"	"	.59
				<hr/>
				\$ 8.26
				<hr/>

Between 1930 and 1937 there was a further increase in per caput expenditures of \$4.23—from \$18.95 to \$23.18.

Changes in Per Caput Expenditures 1930—1937.

	Increase	Decrease
Debt Charges	\$ 2.23	—
Public Welfare	3.48	—
Rebate—Municipalities .....	.62	—
Education	—	.88
Highways	—	.58
All other Departments	—	.64
	<hr/> \$ 6.33	<hr/> \$ 2.10

Net Increase—\$4.23

Turning to the revenue figures since 1900 we find that the increases in expenditure have been met almost entirely out of large increases in taxation. If motor car licenses be included in taxation, the tax revenue has increased from 22c per caput in 1900 to \$16.90 per caput in 1937. The increase in revenue of \$23.83 per caput has been made up as follows:

Taxation	\$16.68
Liquor Control	2.70
Interest earnings	2.85
Licenses and fees .....	.85
Dominion Subsidy .....	.15
All Other Revenues .....	.60
	<hr/> \$ 23.83

A complete description of all taxes now levied by the Province of Ontario is given in the Appendix, pages 1-20, and Tables 8 to 14.

2. Public Debt

The public debt of the Province of Ontario was officially inaugurated in November 1904 with an issue of £1,200,000 Treasury Bills on account of the construction of the Temiskaming and Northern Ontario Railway. This was the beginning of the Province's funded debt. But long before this debt the Province had entered upon certain annuity contracts in aid of railways. These annuity arrangements go back as far as 1884, and the railway aid certificates which preceded the annuities go back to 1871-1879. The capitalized value of these railway aid certificates and annuities were not carried in the Province's liabilities until 1900. In that year, upon the recommendation of the Royal Commission of 1900 they were carried into the Province's balance sheet, capitalized at 3½% p.c. with a value of \$3,053,876.

By October 31st, 1910 the debt of the Province had increased to \$22,000,000 of which \$14,000,000 had been incurred for the T. & N.O. Railway and \$4,000,000 represented the capitalized value of railway aid certificates and annuities. Table 4 (p. 40) gives the details of the Province of Ontario debt from 1914 to 1937.

In 23 years the gross debt has increased by \$614,000,000. This is accounted for as follows.

Increase in investment in Hydro	\$ 142,000,000
“ “ “ “ T. & N.O. Railway .	10,000,000
“ “ other earning or cash assets	64,000,000
<hr/>	
Total increase in earning assets	\$ 216,000,000
<hr/>	
Capital costs of Highway construction 1916-37 .	227,000,000
“ “ “ other public works 1915-37 ...	88,000,000
<hr/>	
Total increase in other fixed assets	\$ 315,000,000
<hr/>	
Increase in debt 1914-37, not represented by	
earning, cash or fixed assets	83,000,000
<hr/>	
	\$ 614,000,000
<hr/>	

Almost all the debt for which no tangible assets exist is due to budget deficits in the years 1923 to 1925 and 1931 to 1936.

The investment in the H.E.P.C. does not cost the province anything. Each year the Commission pays to the province its full proportion of the provincial interest charges. The T.N.O. Railway, on the other hand, has not been able to pay to the Province sufficient to cover the interest chargeable to the Province's advances to it. Each year the T.N.O. pays something, varying from a high of \$1,300,000 in 1929 and 1928 to a low of \$50,000 in 1923. In 1928 the net income received by the Province from the T.N.O. was equal to 4.3% in the \$30,208,000 invested in it, but the average interest rate on the Province's debt that year was 5.3 p.c. In the 23 years—1914 to 1937 the T.N.O. has paid to the Province \$13,174,173 or an average return on investment of 1.97 p.c. per annum. The amount necessary to have covered interest costs to the Province in full for those years would have been \$32,576,409 or 4.86 p.c. The net loss to the province has averaged \$825,000 per annum. In the six years 1932 to 1937 the average loss has been approximately \$1,140,000 per annum.

Through its very heavy investments especially in the T.N.O. and in highways the Province of Ontario has made an enormous contribution to the economy of the whole Dominion of Canada. The T.N.O. Railway together with other large expenditures by the Province has played the leading part in the development of the rich northern Ontario mining fields. The mineral production of this area provided an invaluable cushion for the whole Canadian economy in the difficult years 1931-35, both in employment and in the provision of gold and other exportable staples at a time when such employment and such exportable staples were desperately needed. Through its expenditures on modern highways it has played the major part in attracting tourists and tourist expenditures,—an item which has reached dominating proportions in Canada's balance of international payments. It is not generally realized that the annual expenditure of foreign tourists in Canada, which has been so largely built up by Ontario's heavy expenditures on highways and parks, exceeds by a considerable amount the interest payments due on the \$4,000,000,000 of United States capital invested in Canada. (Details of Highway Expenditure in Appendix, Tables 27 to 32.)

3. *Present Budgetary Position*

The present budgetary position of the province of Ontario is admittedly satisfactory, due largely to the rigid application of the sound business principle of levying taxation to cover all ordinary expenditures and of charging to ordinary account all expenditures other than those for fixed or earning assets. In the year 1936-37 there was a surplus of \$9,300,000, in 1937-38 of \$4,000,000, and a budgeted surplus of \$300,000 for 1938-39. These very satisfactory figures do not, however, mean that Ontario does not face serious budgetary problems.

The largest single source of revenue in the past two years has been Succession Duties. Part of these large receipts have been due to the collection of duties improperly evaded during the previous decade or more. Of the \$47,000,000 collected in the past three years, \$20,000,000 has been of these "arrears." Under present rates of tax it may be expected that when, after another two years or so, these arrears have been finally cleared up the average annual receipts will tend to fall from the present \$16,000,000 or \$18,000,000 to a figure nearer \$10,000,000 a year. Moreover the heavy rates of Dominion income tax must in the long run substantially reduce the number of very large estates from which the largest part of the receipts come. While we do not expect any material decline in these receipts in the next few years we must face the probability of their decline in later years.

It is on the expenditure side that more substantial changes must be anticipated. The Province of Ontario is proud of its record of developmental and social expenditures, but it is convinced that along a number of lines these must go much further. Their progress, however, cannot be lasting unless they keep within budgetary capacities. (Full details of expenditure on Education, Hospitals, Mother's Allowances, Old Age Pensions and Unemployment Relief are in Appendix, Tables 15-26.)

The Province of Ontario is convinced that the development and administration of agricultural policies, roads, education, health, mothers' allowances, and other public welfare activities can be more efficiently trusted to the province than to the Dominion. In some instances, inter-provincial collaboration is very desirable, and at times the Dominion can provide useful leadership and on occasion financial assistance in such collaboration and integration of provincial schemes.

It is not possible to estimate in any detail their probable future burdens. There are strong theoretical grounds for the Province assuming an increasing share of the costs of education. In 1936-37 the province made educational grants-in-aid to municipalities of about \$5,750,000. This covered about 13 p.c. of the municipalities' expenditures. The Government has already announced a moderately increased scale of grants which will mean that in 1938-39 the province will pay rather more than 15 p.c. of the municipalities' costs.

The Government of Ontario is convinced that there is a serious housing problem and that unless conditions change it will become increasingly serious. To meet this situation slum-clearance schemes and governmentally supervised housing programs have an important place. But it is equally certain that an indirect attack on the problem has an even greater prospect of permanent success. Lower real estate taxes and low interest rates together with greater economic security, are probably, in the long run, more useful lines of attack on the housing problem than the often spectacular programs of mass demolition and rebuilding. There are situations where extensive reconstruction or actual demolition and rebuilding are the proper solution, and such schemes normally require some measure of governmental support. But for all of prevention and much of the cure of the housing problems, low real estate taxes, low interest rates and sound city or town planning are the main requisites. Cheap money involves among other things, the maintenance of sound public credit; lower real estate taxes mean improvement in the standards of municipal efficiency and the reduction in the burden of municipal administration.

The Government of Ontario is keenly aware of the problems of the municipalities and especially of the very inequitable tax-burden resting on real estate. The Province of Ontario has already made a beginning in this connection. Within the past two years the municipalities of Ontario have been relieved of their share of the costs of Provincial Highways, of Mother's Allowances, of Old Age Pensions and Pensions for the Blind. Educational grants, and township road grants have been increased. The Province has, in addition given a subsidy of 1 mill to all cities, towns, incorporated villages and townships and has authorized the municipal taxation of liquor store premises. In this year's budget additional educational and tuberculosis grants were provided. The annual value of these additional benefits approximates \$13,359,000. The Province realizes the importance, almost the necessity, of increasing the scale of these grants.

Much more money will have to be spent in the coming years on health services in bringing adequate hospital service to the population outside the larger cities and especially in developing preventive work.

Modern conditions require increased expenditure on agriculture. The development and maintenance of improved standards in production and marketing are necessary for both the export and the domestic trade. More money needs to be invested in research and in the effective popularization of the results of research.

The Province of Ontario expects a reduction in some lines of expenditure. It has already reduced considerably the per caput of general governmental overhead, and further modest economies can still be expected in this respect.

In other words, with provincial taxation already at a very high-rate, with the prospect of declining revenues from succession duties, with increasing demands upon expenditure, demands that are often just and proper, the budgetary difficulties of the future are serious.

The Province of Ontario does not believe that it is practicable or efficient to transfer many of the most expensive social services to the Dominion. It believes that the municipalities must have increasing relief from their expensive responsibilities. The Province of Ontario, therefore, cannot give up any present source of substantial revenue, and must in fact, insist on a more strict recognition of its clearly established legal and moral rights in the field of direct taxation and natural resources.

"The present tendencies in federal finance are towards centralization. This tendency is not to be desired or applauded. It is due largely to the

aftermath of the War, the recrudescence of war mentality, and the emphasis on nationalism. The peace time needs of human civilization are being shamelessly neglected, and the centralization of finance aids and abets such a policy. When the world returns to a mood of sanity it will learn that states and local bodies are more suitable agencies of social welfare, and though administrative co-ordination is essential, finance must be more and more decentralized if the aims of human progress are to be achieved...what is needed above all is a more solid financial status for states and for local bodies." (Adarkar, *Principles and Problems of Federal Finance*, pp. 4-5, paraphrased and compressed.)

PROVINCE OF ONTARIO
REVENUE AND EXPENDITURE — 1870 — 1937
(in thousands of dollars)

TABLE No. 1

REVENUE	1870	1880	1890	1900	1910	1920	1930	1937
Dominion Subsidy ..	1,251	1,334	1,497	1,439	2,203	2,470	2,717	3,014
Taxes —								
Corporation	—	—	—	230	752	2,948	4,578	10,964
Succession	—	—	—	234	735	4,014	11,229	15,991
Income	—	—	—	—	—	—	—	4,919
Mining	—	—	—	—	128	862	741	1,677
Gasoline	—	—	—	—	—	—	10,756	15,762
Amusement	—	—	—	—	—	1,374	1,290	1,919
Other	2	2	2	7	5	869	296	740
Total Taxes	2	2	2	471	1,620	10,067	28,890	51,972
Licenses—Motor Car ..	—	—	—	—	—	1,991	5,447	10,554
Fees, fines, licenses ..	147	184	468	596	1,157	1,821	3,443	4,156
Public Domain	648	581	1,167	1,454	2,938	3,083	3,126	2,982
Liquor Control	—	—	—	—	—	—	8,465	10,000
Interest	146	102	64	40	590	3,126	11,300	10,627
Other	—	2	11	7	19	740	152	1,748
TOTAL REVENUE	2,194	2,205	3,209	4,007	8,527	23,298	63,540	95,054
EXPENDITURE								
Debt Charges	—	—	—	—	675	5,613	20,978	31,140
Public Welfare	396	440	960	969	1,292	3,481	11,097	24,990
Education	316	604	739	853	2,268	5,125	12,842	10,760
Justice	210	381	581	564	767	913	2,334	2,089
Legislation & Gen.								
Government	157	244	461	499	1,199	3,875	5,092	5,234
Agriculture	68	103	155	175	714	983	1,609	1,010
Public Domain	222	138	167	271	726	2,392	3,181	2,811
Highways	50	97	125	144	456	1,093	6,809	5,288
Other	102	297	352	335	471	686	238	2,418
TOTAL EXPENDITURE ..	1,521	2,304	3,540	3,810	8,568	24,161	64,180	85,740
Excess of Revenue ..	673	—	—	197	—	—	—	9,314
“ “ Expenditure	—	99	331	—	41	863	640	—

PROVINCE OF ONTARIO
REVENUE AND EXPENDITURE — 1870 — 1937
(in dollars per caput)

TABLE No. 2

	1870	1880	1890	1900	1910	1920	1930	1937
REVENUE								
Dominion Subsidy .....	.79		.71	.66	.89	.86	.80	.81
Taxes —								
Corporation	—	—	—	.11	.30	1.03	1.35	2.97
Succession	—	—	—	.11	.29	1.40	3.31	4.32
Income	—	—	—	—	—	—	—	1.33
Mining	—	—	—	—	—	.30	.22	.45
Gasoline	—	—	—	—	—	—	3.18	4.26
Amusement	—	—	—	—	—	.48	.38	.52
Other	—	—	—	—	—	.30	.09	.20
Total Taxes	—	—	—	.22	.59	3.51	8.53	14.05
Licenses—Motor Car ..	—	—	—	—	—	.70	1.61	2.85
Other fees, fines, licenses	.09	.10	.22	.27	.47	.64	1.02	1.12
Public Domain .....	.41	.31	.56	.67	1.24	1.08	.92	.80
Liquor Control	—	—	—	—	—	—	2.50	2.70
Interest .....	.09	.05	.03	.02	.24	1.09	3.34	2.87
Other	—	—	.01	—	.01	.26	.05	.47
TOTAL REVENUE	\$1.38	\$1.16	\$1.53	\$1.84	\$3.44	\$8.14	\$18.77	\$25.67
EXPENDITURE								
Debt Charges	—	—	—	—	.27	1.96	6.19	8.42
Public Welfare .....	.25	.23	.46	.45	.52	1.22	3.28	6.76
Education .....	.21	.32	.35	.39	.92	1.79	3.79	2.91
Justice .....	.13	.20	.28	.26	.31	.92	.69	.56
Legislation & Gen'l Gov't	.09	.13	.22	.23	.48	1.35	1.50	1.42
Agriculture .....	.04	.06	.07	.08	.29	.34	.48	.27
Public Domain .....	.14	.07	.08	.12	.29	.84	.94	.76
Highways .....	.03	.05	.06	.07	.18	.38	2.01	1.43
Other .....	.06	.16	.17	.15	.19	.24	.07	.65
TOTAL EXPENDITURE	\$0.95	\$1.22	\$1.69	\$1.75	\$3.45	\$8.44	\$18.95	\$23.18

PROVINCE OF ONTARIO REVENUE AND EXPENDITURE 1870 — 1937 (in percentages)

TABLE NO. 3

[illegible]

TABLE No. 1

CUMULATIVE SUMMARY ANALYSIS OF PROVINCE OF ONTARIO DEBT — 1914—1937

Fiscal Years	Gross Debt		Income-Producing and Realizable Assets			Net Debt		Highways (Capital)	Other Fixed Assets	Surplus and Deficits	Unem- ployment Relief Capitalized
	Total Increase	H.E.P.C.	T.&N.O.	Miscellaneous	Total Increase	Total Increase					
(millions of Dollars)											
1914 ...	42	—	10	20	5	35	—	7	(a)	3	—
1915 ...	50	8	12	20	8	41	6	9	20	4	—
1916 ...	59	9	22	21	8	51	10	8	21	5	—
1917 ...	62	3	27	22	6	55	4	7	22	6	—
1918 ...	75	13	36	22	9	68	13	8	22	9	—
1919 ...	97	22	48	22	14	84	16	13	23	7	—
1920 ...	127	30	66	23	16	104	20	23	24	6	—
1921 ...	202	75	103	24	31	158	54	45	25	7	—
1922 ...	233	31	117	26	31	173	15	60	27	8	—
1923 ...	291	58	124	28	38	190	17	101	28	7	—
1924 ...	330	39	135	30	45	211	21	119	29	16	—
1925 ...	332	2	142	30	28	200	—11	133	31	1	—
1926 ...	349	17	142	30	32	205	5	145	33	21	—
1927 ...	369	20	147	30	34	211	6	158	35	21	—
1928 ...	394	25	153	30	37	220	9	174	36	21	—
1929 ...	427	33	165	30	44	239	19	188	42	18	—
1930 ...	473	46	177	30	54	261	22	213	46	19	—
1931 ...	521	48	188	30	58	277	16	244	56	20	—
1932 ...	574	53	190	30	77	297	20	278	64	21	3
1933 ...	594	20	188	30	77	295	—2	299	66	22	14
1934 ...	656	62	188	37	72	297	2	358	81	51	14
1935 ...	674	18	188	37	71	296	—1	378	89	62	14
1936 ...	690	16	173	36	64	284	—12	406	96	75	14
1937 ...	656	—34	152	30	69	251	—33	405	98	66	14

(a) Not available.

Subsidies and Grants-in-Aid

Subsidies and grants-in-aid play some part in practically all systems of public finance. In unitary governments the central authority frequently makes grants-in-aid to municipalities for such purposes as education, health, housing, unemployment relief, etc. In federal countries the central government commonly gives subsidies or grants-in-aid for housing, highway construction, relief, and often for the general purposes of government.

In Canada the principal of Dominion subsidies to the provinces for the general costs of administration was a fundamental part of the whole basis of Confederation. In brief, the Dominion was to take over the main sources of revenue on which the pre-existing colonies had been accustomed to rely. It was admitted that direct internal taxation had no historical background in these colonies, and moreover, the simple and almost primitive state of their economic system did not lend itself readily to the development of elaborate direct taxation except on a local or municipal basis. It was further expected that the inevitable revenues of the Dominion, incidental to its assumption of the control of customs and excise, would be far in excess of the needs of the Dominion. The result of these considerations was that the Dominion was to pay to each province an annual subsidy which, added to the revenues of the provincial public domain, would be sufficient to carry the costs of provincial administration.

The long story of these subsidies need not be retold here. In brief, it is chiefly the story of repeated successful assertions by the Maritime and Western provinces for "better terms," in effect, for larger annual subsidies.

As will be noted from Table 3 (page 39) the percentage of provincial revenues supplied by the Dominion subsidy to Ontario was 57.0 p.c. in 1870, 60.5 p.c. in 1880, and since then has steadily fallen to 4.3 p.c. in 1930 and 3.2 p.c. in 1937. (Comparison of current subsidies see Appendix Table 2-a.)

In addition to the general or unconditional subsidy the Dominion has on various occasions since 1914, made special grants-in-aid to the provinces for specific purposes, and conditional upon the provinces spending an equal or a proportionate amount from their own funds. Grants-in-aid for the development of Agricultural Education were made from 1914 to 1923; for Technical Education, 1920-1929; for combating venereal disease, 1920-

1932; for highway construction, 1921-1928; for Employment offices, since 1919; for Old Age Pensions, since 1928; and for Unemployment and Agricultural Relief, since 1930.

Table 1 (p. 43) itemizes the grants and subsidies made by the Dominion to the Province of Ontario.

The Province also gives subsidies and grants-in-aid to municipalities, and also to public and semi-public educational, health, welfare, and other eleemosynary institutions. Table 2 (p. 44) classifies these grants by the Province of Ontario for the years 1936 to 1938 under appropriate heads. It will be observed that the Province of Ontario makes larger grants than it receives from the Dominion Government. This excess of Provincial grants over Dominion amounted to \$8,500,000 in 1935-36, nearly \$1,000,000 in 1936-37, and will be about \$5,000,000 for the year 1937-38.

TABLE — 1
DOMINION SUBSIDIES AND GRANTS-IN-AID TO THE PROVINCE OF ONTARIO
(Years ended March 31st)
(in thousands of dollars)

	Period of Grant per annum	Average prior to 1930	1930	1931	1932	1933	1934	1935	1936	1937
Subsidies	1867-1914-1923	1,628	2,643	2,643	2,941	2,941	2,941	2,941	2,941	2,941
Agricultural Instruction .	1914-1923	327	—	—	—	—	—	—	—	—
Employment Offices	1919-	69	61	68	67	64	64	64	62	62
Technical Education	1920-1929	318	—	—	—	—	—	—	—	—
Veneral Disease	1920-1932	42	33	33	33	—	—	—	—	—
Canada Highways Act . . .	1921-1928	735	—	—	—	—	—	—	—	—
Old Age Pensions	1930-1937	—	536	3,517	6,039	6,828	7,086	7,672	8,677	9,147
Unemployment Relief Acts	1930-1937	—	—	4,692	11,101	7,988	9,870	14,086	15,312	14,794
TOTAL			3,093	10,953	20,181	17,721	19,961	24,663	26,992	26,944

TABLE — 2

GRANTS MADE BY PROVINCE OF ONTARIO TO MUNICIPALITIES
AND OTHER PUBLIC AND SEMI-PUBLIC ORGANIZATIONS

(Years ended March 31st)

(in thousands of dollars)

	1936	1937	1938 (est)
Agricultural Societies and Fairs	234	226	241
Education—Schools	4,681	4,862	5,606
Universities	2,177	2,196	2,415
Cultural and Learned Societies	150	142	152
Health —Hospitals	2,545	2,401	2,902
Research	56	40	43
Associations	23	49	100
Highways—County and Township Grants	3,115	3,753	4,595
Welfare and Eleemosynary Societies.	294	336	364
Municipal Subsidy	—	—	3,000
Civil Service Superannuation	275	298	308
Miscellaneous	29	16	26
Unemployment Relief	21,813	13,270	9,725
TOTAL	\$35,392	\$27,589	\$29,477

Direct Taxation and Natural Resources

The expenditures of any government are determined by two factors: its functions, and its revenues. If the functions of government are limited, its expenditures will not be great. On the other hand, if its functions are varied and its responsibilities greater, its expenditures will be proportionately larger. A restriction is, however, imposed on the expansion of the functions of government by its sources of revenue. If a government is to remain solvent, its expenditures must be limited to the means at its disposal wherewith to meet them.

Prior to Confederation, certain of the functions of government in the British Colonies in North America were performed by and at the expense of the Imperial Government, e.g., defence. Apart from those exceptions, however, all the functions of government of each colony were performed by the government of that colony.

For the fulfilment of its functions, each colonial government had the exclusive power of taxation within its borders. To meet its expenditures it had the power to levy and collect whatever taxes it deemed necessary or expedient; the taxable resources of the people were subject to its demands and no others. It was not necessary for it to consider the portion of the revenues of the colony which would be available for its purposes; it was entitled to the whole of those revenues.

Under the B.N.A. Act, each of the colonies entering the federation surrendered to the Dominion Parliament all its powers of taxation with the single exception of direct taxation. The transfer of those powers at that time represented the giving up of all their large sources of revenue.

The B.N.A. Act, however, did not transfer from the individual colonies all the functions of government which they had exercised up to that time. It provided that the Provinces should be responsible for the establishment, maintenance and management of public and reformatory prisons, and of hospitals, asylums, charities, and eleemosynary institutions, for the administration of justice, for the fostering of agriculture, for education, for municipal institutions, and for local works.

The provisions made in the Act for the revenues of the Provinces were four-fold in character: license fees, revenues from natural resources, subsidies from the Dominion, and the power of direct taxation.

The objective of the framers of the constitution was to provide the Provinces with sufficient revenue to meet all their requirements for the

fulfilment of the functions of government vested in them. In his speech in the Parliament of Canada in support of a resolution that an Address be presented to Her Majesty for the Confederation of British North America on the basis of the Quebec Resolutions, the Honourable A. T. Galt said:

"I now propose, sir, to refer to the means which will be at the disposal of the several local governments to enable them to administer the various matters of public policy which it is proposed to entrust to them, and it is evident that unless ample provision is made in the arrangements, great danger will arise that the machinery whereby the local wants of the people are intended to be met will speedily be impaired, causing complaint on the part of the inhabitants of the respective localities, and involving considerable danger to the whole machinery of government . . ."

In the scheme devised, the local revenues arising from the lands, forests and mines of the Provinces were reserved for the use of the Provincial Government. By Sub-section 5 of Section 92, the Provincial Legislatures were given exclusive power to make laws in relation to:

"(5) The management and sale of the public lands belonging to the Provinces and of the timber and wood thereon."

By Section 109 it was provided:

"109. All Lands, Mines, Minerals and Royalties belonging to the several Provinces of Canada, Nova Scotia and New Brunswick at the Union, and all Sums then due and payable for such Lands, Mines, Minerals, or Royalties, shall belong to the several Provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any Trust existing in respect thereof, and to any Interest other than that of the Province in the same."

At that time these territorial revenues were insufficient of themselves to provide for the anticipated expenditures of the Provinces. It was therefore recognized that the Provinces must be provided with additional revenues to meet the requirements of their local expenditures. The scheme of subsidies was devised for this purpose.

To quote again from the same speech of Hon. A. T. Galt:

"In transferring to the general government all the large sources of revenue, and in placing in their hand with a single exception, that of direct taxation, all the means whereby the industry of the people may be made to contribute to the wants of the state, it must be evident to

every one that some portion of the sources thus placed at the disposal of the general government must in some form or other, be available to supply the hiatus that would otherwise take place between the sources of local revenue and the demands of local expenditure."

The amount of the subsidies, fixed on the basis of 80c per head of population according to the census of 1861, with a special grant to New Brunswick, was estimated as sufficient to bridge the gap between the local revenues of the Provinces and their estimated expenditures at that time.

It was not entirely overlooked that the expenditures of the local governments would increase as the population of the Provinces increased. It was expected, however, that by the development of their natural resources, the Provinces would, from that source, derive sufficient additional revenue to meet the additional outlay. As Mr. Galt said:

"We may, however, place just confidence in the development of our resources and repose in the belief that we shall find in our territorial domain, our valuable mines, and our fertile fields, additional sources of revenue far beyond the requirements of the public services."

The only means other than the development of their natural resources, given to the Provinces to increase their revenues to meet the increasing demands of expenditure, was the power of direct taxation. At that time direct taxation was in certain of the colonies entirely unknown. In Upper Canada, it is true, the people had become familiar with direct taxation through the system of municipal government, but even to them direct taxation meant only a tax on land. It was one of the arguments most frequently advanced by the opponents of confederation in Lower Canada that the local legislature would have power to levy "direct, that is to say, oppressive or new taxation."

It was the view of the Honourable A. T. Galt that the antipathy of the people toward direct taxation would have a salutary effect upon the administration of Provincial affairs. In his speech in the Parliament of Canada already referred to, he said:

"If, nevertheless, the local revenues become inadequate, it will be necessary for the local governments to have resort to direct taxation; and I do not hesitate to say that one of the wisest provisions in the proposed Constitution, and that which affords the surest guarantee that the people will take a healthy interest in their own affairs and see that no extravagance is committed by those placed in power over them is to be found in the fact that those who are called upon to administer

public affairs will feel, when they resort to direct taxation, that a solemn responsibility rests upon them, and that that responsibility will be exacted by the people in the most peremptory manner. If the men in power find that they are required, by means of direct taxation, to procure the funds necessary to administer the local affairs, for which abundant provision is made in the scheme, they will pause before they enter upon any career of extravagance."

That natural resources and direct taxation were the only elastic sources of revenue of the Provinces is explained by the fact that it was made a part of the B.N.A. Act that the subsidies should not be increased with the increase of population. Section 118 of the Act reads in part as follows:

"Such grants shall be in full settlement of all future demands on Canada."

On commenting on the Quebec Resolutions on this point, the Honourable A. T. Galt said:

"It must be observed that the agreement does not contemplate any future extension of this amount. It is hoped that, being in itself fixed and permanent in its character, the local governments will see the importance—I may say the necessity—of their exercising a rigid and proper control over the expenditure of their several provinces. We thus obtain one of the greatest securities that can be offered to us that those influences which, in such a legislature as we now possess in Canada, are brought to bear for the purpose of swelling the public expenditure, will not exist in the local legislatures, but will meet with such a resistance, from the mere fact of the local governments to obey them, as to produce a very considerable saving in the general expense of the whole country."

A similar opinion was expressed by Mr. A. Walsh:

"As the Federal Government is to pay an annual subsidy of eighty cents per head of its population to the respective provinces, for carrying on their local governments and the construction of local works, any sum required over and above that subsidy must necessarily be raised by direct taxation, and in that fact we have the strongest possible guarantee that in the arrangements made by this Legislature, and in the subsequent management of their domestic affairs by the local governments, the strictest simplicity and economy will be observed."

Members of the governments in the Provinces of Canada were convinced, however, that it would not be necessary for the provinces to resort to direct taxation. In reply to members of the opposition they presented figures to show that in the case of both Upper Canada and Lower Canada the revenues at the disposal of the future provinces would be more than sufficient for their needs. Thus the Honourable Solicitor General Langevin, after quoting figures to show what the revenues and expenditures of Lower Canada would be after Confederation, said:

"The figures I have given are highly important, for they demonstrate that Lower Canada will have a real revenue under the new Constitution—a revenue which is not calculated upon the probable increase and prosperity of the country, but the present revenue—of nearly \$1,500,000, to meet local expenses. And yet, in the face of these figures, which are based upon the most evident facts, honourable members talk of direct taxes. They simply want to frighten the country. But the people will see that there is no danger of direct taxation with the surplus revenue we shall have. Direct taxation must be resorted to if Lower Canada should give way to extravagance and spend more than her means, but not otherwise."

It would have been impossible for any man at the time of Confederation, to have forecast accurately how the functions of government of the provinces would be increased within the ensuing seventy years. The estimated expenditures of Upper Canada after Confederation, were in 1865 estimated at \$849,112. The actual expenditures of the Province of Ontario in 1870 amounted to only \$1,521,000. In 1937 the expenditures of Ontario amounted to \$85,740,000. The increase in the expenditures of the Province of Ontario may therefore, with some accuracy, be said to have increased one hundred times over since Confederation.

The frontier of the area of undeveloped natural resources has been pushed steadily northward during the years since 1867. But prior to 1900 the process of development was private and individualistic. The Province, prior to that date, had done little more than blaze a few colonization roads, subsidize somewhat indiscriminately various railway projects, and pay the costs of municipal government in the unorganized territories. The only substantial items of costs to the Province were the railway grants and the expenditures on colonization roads, which by 1900 had amounted to \$6,821,910 and \$3,248,015 respectively.

The beginning of the Temiskaming and Northern Ontario Railway project in 1904 marks the acceptance by the Province of the responsibility

of leadership in the development of the virgin natural resources and since that date the Province has spent very large sums in providing the framework of roads, railways, power and government services that have made possible the rapid growth of the northern districts.

The greater part of the railway aid certificates and annuities were paid on account of railways in the settled southern part of Ontario. Of the \$6,800,000 mentioned above, less than \$1,500,000 had been spent north of the main settled areas, and less than \$500,000 in the areas now known as Northern and Northwestern Ontario.

It is not possible to itemize in detail the costs to the Province of Ontario of developing its northern areas, nor can the revenues derived from its control of natural resources be accurately stated. The accompanying table (p. 52) estimates these figures as closely as possible. In this table the expenditures of the Highways Department are the actual expenditures by the Province on construction and maintenance of roads, bridges, etc. in Northern Ontario, and also include a small amount (less than \$1,500,000) of expenditures in aid of settlers. The other expenditures on the public domain have been estimated from a detailed examination of the public accounts at intervals of ten years. These expenditures include current as well as capital expenditure. The deficit on interest account of the T. N. O. Ry. is the interest on the Province's cash investment in the T. N. O. Ry. calculated at the average rate applicable to the total funded debt of the Province, less the cash paid by the T. N. O. Ry. to the Province out of earnings. These deficits have not been capitalized, i.e. no interest on theoretically unpaid interest is included.

The total expenditures on northern development averaged in the years 1867—1912, \$450,000 per annum; in 1913—1920, \$3,500,000; 1921—1925, \$6,500,000; 1926—1930, \$9,000,000; and in 1931—1937, \$15,000,000.

Revenues from the public domain are also shown in this table. The whole amount of dues, royalties, rents, fees, and licenses attributable to the administration of the public domain has been estimated from a detailed examination of the public accounts at intervals of ten years. The revenues from mining taxes are the actual collections in each period.

This table shows up in a most striking way how changes in the functions of government dictated by changing technical conditions have altered the whole basis of provincial public finance, and completely destroyed the balance of revenues and responsibilities set up by the framers of

our Constitution. In the first forty-five years the gross revenues of the public domain were nearly \$60,000,000 or over \$1,300,000 per annum, and the net revenues \$38,701,000, or \$860,000 per annum. In the period 1913—1920 revenues and expenditures almost exactly balanced. Since 1921 the excess of expenditures over revenue has been \$113,000,000, or \$6,900,000 a year.

In the seventy years since Confederation, the Province's expenditure on the development of its northern districts has been not less than \$222,000,000. The revenues of the public domain and the mining taxes have been \$148,000,000 leaving a "deficit" on this account of \$74,000,000.

Attention should be drawn to certain obvious omissions of both expenditure and revenue. For example, no allowance has been made in the expenditures for interest charges on the borrowed funds invested in highways. On the other hand, the gasoline tax receipts in the northern districts have not been included in the revenue estimates.

In addition to the above expenditures, small grants-in-aid from the Dominion have been expended in Northern Ontario. In 1913 the Dominion paid a subsidy on account of T. N. O. construction of \$2,134,080. This sum almost exactly equalled the deficit from 1904—1913 on T. N. O. interest account and has been so treated. In the years 1931 to 1937, grants totalling \$17,342,590 were made by the Dominion government towards the cost of road construction in Northern Ontario under various relief projects.

ESTIMATED EXPENDITURES BY PROVINCE OF ONTARIO ON NORTHERN DEVELOPMENT

1867 -- 1937

(in thousands of dollars)

Years	Highways Department	Other Public Domain	T.N.O. Deficit on Interest a c ture	Total Expendi- ture	Dues, Royalties, Rents, Fees, Etc.	Mining Taxes	Total Revenue	Balance	
								Dr.	Cr.
1867 - 1912	7,390	12,729	—	20,119	58,094	726	58,820		38,701
1913 - 1920	9,742	14,138	4,391	28,271	24,229	4,515	28,744		473
1921 - 1925	15,894	11,960	4,913	32,767	15,415	1,229	16,644	16,123	
1926 - 1930	25,926	15,905	2,578	44,409	15,630	2,214	17,844	26,565	
1931 - 1935	54,506	11,038	4,840	70,384	12,400	2,870	15,270	55,114	
1936 - 1937	18,423	4,795	2,680	25,898	7,340	3,085	10,425	15,473	
	131,881	70,565	19,402	221,848	133,108	14,639	147,747	74,101	

As has been pointed out, it was the expectation of the Fathers of Confederation that by the development of their natural resources alone the Province would derive sufficient revenue to meet any increased expenditures which they might incur. As a matter of fact, the revenues of Ontario from its natural resources have been comparatively small. This is largely due to the encroachment of the Dominion upon this source of revenue. Under The Income War Tax Act the Dominion Government takes a total of 15% of the taxable profits of companies developing these natural resources within the Province. A comparison of the revenues of the Dominion and the Province from two typical companies engaged in the development of the natural resources of the Province throws an interesting light upon the extent of this encroachment.

Comparison of Taxes payable by Mines in Ontario,
to the Dominion Government and the Province of Ontario

"X" MINING COMPANY

ONTARIO

Corporations Tax Act

Tax based on Capital	\$ 6,177.88
Tax based on Places of Business	50.00
Tax based on Net Revenue	66,569.51
	<hr/>
	\$ 72,797.39

Percentage to Net Profit855%

Mining Tax Act

Tax based on Mine Profits	\$318,770.57
---------------------------------	--------------

Percentage to Net Profit 3.745%

Total Tax Payable to Province of Ontario \$ 391,567.96

Percentage of Total Ontario Tax to Net Profit 4.6 %

CANADA

Dominion Income Tax Act

Tax based on Net Income	\$998,542.68
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Percentage to Net Profit 11.732

Total Tax Payable to Dominion of Canada \$ 998,542.68

Tax Payable to Dominion of Canada equals 2.55
times the Total Payable to the Province of Ontario.

"Y" MINING COMPANY

ONTARIO

Corporations Tax Act

Tax based on Capital	\$ 3,138.75
Tax based on Places of Business	50.00
Tax based on Net Revenue	42,774.93
	<hr/>
	\$ 45,963.68

Percentage to Net Profit793%

Mining Tax Act

Tax based on Mine Profits \$154,802.87

Percentage to Net Profit 2.67 %

Total Tax Payable to Province of Ontario \$ 200,766.55

Percentage of Total Ontario Tax to Net Profit 3.463%

CANADA

Dominion Income Tax Act

Tax based on Net Income \$641,623.88

Percentage to Net Profit 11.065

Total Tax Payable to Dominion of Canada \$ 641,623.88

Tax Payable to Dominion of Canada equals 3.196

times the Total Payable to the Province of Ontario.

The Dominion government by its corporation tax on the profits of mining and lumbering has levied a tax upon that which belongs to the provinces and, therefore, disregards the intention of Confederation that the natural resources should be the particular property of the provinces and that any benefit that should be derived therefrom should flow to the province. The total amount of taxes paid to the Federal Government by the mining companies of Ontario for 1936 is given by the Secretary of the Ontario Mining Association as \$9,876,274. For the same period the mines of Ontario paid to the Province of Ontario, by way of taxation, the following taxes:

Mines Profits Tax	\$ 2,527,904	
Less municipalities' share	359,496	
	<hr/>	\$ 2,168,408
Corporation Tax		\$ 788,658
		<hr/>
TOTAL		\$ 2,957,066

The mines of Ontario also paid to the municipalities where they are situated the following taxes:

Municipalities' share of Mines Profits Tax	\$ 359,496
Other Municipal Taxes	\$ 472,540
	<hr/>
TOTAL	\$ 832,036

The figures given in the two preceding paragraphs are supplied by the mining assessor and the secretary of the Ontario Mining Association. These figures show that out of a total of \$13,665,376 paid by the mines by way of taxation, the Federal Government secured 72% of the total; the Provincial Government 22%; and the Municipalities 6%.

The Provincial Government administers the mineral resources of the Province and has to pay all the expenses in connection with such administration. It is true that the Federal Government has, for a number of years, done some geological survey work in the Province and, in all fairness, it must be admitted that such work has been of use to the Province. With this exception and the maintenance of its mining laboratories in Ottawa, the Federal Government does very little for the development of the mining industry in Ontario. The Provincial Government must build roads and, through the Hydro-Electric Power Commission, must provide power for some of the mines, more particularly in the North-western part of the Province. Part at least of the cost of the T. & N. O. Railway was due to the wish of the Province to help the mines of the north-eastern part of the Province of Ontario. The total amount collected by the Province under the operation of the Mining Tax from 1907 to 1937 was \$13,778,689, which is less than the sum collected by the Dominion Government from the same mines within the last two years.

The Province requests that in order to preserve to the Province the full benefit of its natural mining resources the Federal Government should exempt from the operation of the Income Tax Act all profits derived exclusively from mining operations, which are subject to Provincial Mines Profits Tax; the Dominion to tax only the profits made by these companies upon their milling, smelting and refining operations. If this is done, the Province is ready to assume the geological survey work done hitherto by the Federal Department of Mines.

Income Tax

The Income Tax Act of Ontario made its appearance on the Statute Books for the first time in 1936 and was applicable to incomes earned during the calendar year 1935. The Provinces of British Columbia, Alberta, Saskatchewan and Manitoba had Income Tax Acts in force prior to this time, and the Province of Prince Edward Island had an Act by which a tax was levied on personal incomes and personal property. The Provinces of Quebec, New Brunswick, and Nova Scotia had no Income Tax Act in force and to date have not instituted this form of taxation. Municipal income taxes levied under authority of Provincial Statutes in many cases ante-date the war.

The Dominion Income War Tax Act was enacted in 1917 and its scope has been steadily extended and broadened since that date. Many of these extensions were due to evasions which were discovered in the administration of the Act as it originally stood. At the present time individuals, resident of the Province of Ontario, being married persons without dependents subject to \$2,000 exemption and having a Net Income of from \$3,000 to \$1,000,000 are required to pay in Dominion Tax, from 1 per cent. of the respective income in the lowest case, to 62.53 per cent. in the highest case.

Section 92 of the British North America Act specifically empowers the Provinces to impose direct taxes, and Section 91 empowers the Dominion to raise money "by any mode or system of taxation." It is not argued that the Dominion has no power to tax incomes. That issue was settled in the case *Rex v. Caron*. But it is argued that the Dominion's incursion into the personal income tax field was accepted by both the Dominion authorities and the provinces as being justified only by the existence of a national emergency, and that the steady extension by the Dominion of its income tax administration, and especially its assumption of prior right in this field of taxation, are contrary to the spirit of the British North America Act and not in accordance with the conventions of the constitution.

The Dominion Income War Tax is no longer an emergency measure, but it now restricts each Province to income taxes which can never yield in comparison with the Dominion more than a meagre pittance. In the Province of Ontario not only are the rates of tax exactly half those of the Dominion, but the basis of income subject to tax in the Ontario Act is necessarily reduced by the amount of tax to which the same income is subject under the Dominion Act. The highest rate of tax payable to Ontario

never rises higher than 8 per cent. of the taxpayer's income. The following table compares the taxes imposed under the Ontario and Dominion Acts on a married man with no dependents at a representative group of income levels:

	Dominion Tax	Ontario Tax	Percent of Income	
			Dom. Tax	Ont. Tax
\$3,000	\$30.00	\$14.55	1.00 p.c.	0.48 p.c.
5,000	120.00	57.00	2.40	1.14
10,000	651.00	227.45	6.51	2.27
15,000	1,491.00	475.63	9.94	3.17
25,000	3,979.50	1,142.25	15.92	4.57
50,000	11,959.50	3,185.26	23.92	6.37
100,000	32,749.00	7,365.08	32.75	7.37
250,000	116,035.50	19,862.54	46.41	7.94
500,000	278,880.00	39,222.60	55.78	7.84
1,000,000	625,359.00	77,086.66	62.54	7.71

A full comparison of the rates with an accompanying diagram will be filed as an exhibit.

On March 14th, 1938, the Legislative Assembly of the Province of Ontario unanimously adopted the following resolution:—

"That in the opinion of this Assembly, inasmuch as direct taxation is especially assigned to the provinces under The British North America Act, the prior right of the provinces in the field of income tax should be recognized by the Government of Canada by making the provincial tax on persons a deduction under The Income War Tax Act (Canada)."

During the debates on Confederation, Honourable A. T. Galt, the Minister of Finance, expressed himself, as follows;—

"If the local revenues become inadequate, it will be necessary for the local governments to have resort to direct taxation; and I do not hesitate to say that one of the wisest provisions in the proposed Constitution, and that which affords the surest guarantee that the people will take a healthy interest in their own affairs, is to be found in the fact that those who are called upon to administer public affairs will feel, when they resort to direct taxation, that a solemn responsibility rests upon them, and that that responsibility will be exacted by the people in the most peremptory manner."

During the same debate, Honourable George Brown, declared;—

"I am persuaded that by committing all purely local matters to local control, we will secure the peace and permanence of the new Confederation."

tion. To the General Government will belong all matters of a general character not specially assigned to the local governments. The powers and duties of the local governments have been clearly defined. They are to have the power of imposing direct taxation, and all matters of a local character will be committed to them."

Sir Thomas White, Minister of Finance, in the Budget, address, 1917, said;—

"The Dominion Government under the provision of the British North America Act is empowered to raise revenue by any mode or form of taxation, whether direct or indirect. On the contrary, the Provinces, and by consequence the municipalities which derive their taxation power from the Provinces, are confined in the raising of revenues to the measures of direct taxation. For this reason, since the outbreak of the war, I have hesitated to bring down a measure of Federal income taxation, and I have not regarded it as expedient, except in case of manifest public necessity, such as I believe exists at the present time, that the Dominion should invade the field to which the Provinces are solely confined for the raising of their revenue."

Later, he added, "we do not know how long this war will last, but a year or two after the war is over, the measure should be deliberately reviewed by the Minister of Finance and the Government of the day with the view of judging whether it is suitable to the conditions which then prevail."

On May 15th, 1917, Sir Thomas White also added, "the Income Tax is peculiarly within the jurisdiction of the Province, and is a suitable tax for the purposes of the Province and Municipality. In my opinion, the federal Government should not resort to an Income Tax until it is indispensably necessary in the national interest that it should do so."

Honourable J. A. Robb, the Minister of Finance, in more than one address, made half a promise that the Dominion would get out of the field of income as far as the tax on persons was concerned.

Honourable John Hart, Minister of Finance of British Columbia, in his Budget Speech, 1935, said; —

"From Confederation onwards, however, a tacit understanding existed to the effect that direct taxation was the sole prerogative of Local Government. It is not surprising, therefore, that the Provinces viewed with alarm the Dominion's invasion of this field in 1918 by the imposition of an income tax.

"It is felt that the Dominion should withdraw from the field of direct taxation. Since its inception in 1919 the Federal income tax has yielded to the Dominion \$59,298,491.00; its advent in the Province has created a dual tax which has the effect of (a) penalizing enterprise; (b) it prevents accumulation of industrial capital for the development of business; (c) it penalizes conservative business practice; (d) it discourages new ventures and thereby strengthens old ventures in their monopolies; (e) it prevents fluidity of capital."

Honourable T. W. McGarry, the wartime Provincial Treasurer of the Province of Ontario, in his Budget Speech delivered on the 7th of March 1916, said;—

"At Confederation the Provinces were given the right to impose direct taxation, but were denied the right to impose indirect taxation. While it is not definitely laid down, there has been an understanding that the Dominion Government would adopt indirect taxation, and we, direct taxation. But during the past year there has been a direct tax placed upon the profits of all business. Direct taxation has been resorted to by the Dominion Government. I do not find fault with that tax at all. I commend it, and I say on behalf of the Government of this Province and the people of the Province that with any imposition which the Minister of Finance at Ottawa finds it necessary to make in order to pursue this war successfully we are entirely in accord. But, Sir, when the war is over there will come a time in the history of the Province, as there will come a time in the history of the Dominion, when we must regulate our financial dealings for the future, and among these financial dealings nothing will be more important than the taxation of the people. We desire that this taxation shall be imposed as fairly as possible. I therefore say that when that time arrives it will be the duty of this Government to see to it that we are given the right to impose within the limits created by the British North America Act such taxation as we may think necessary."

At various Dominion-Provincial Conferences, the Provincial Prime Ministers were practically unanimous in expressing the view that the Dominion has invaded the Provincial field in placing a tax on persons. The tax on corporations was more of an indirect nature, and consequently did not receive such criticism.

At the Dominion-Provincial Conference at Ottawa in December 1935, the Prime Minister of Ontario took the stand that the levying of a tax on incomes of persons and personal corporations resident in the Province of

Ontario was an invasion of the Provincial field of taxation. This stand was supported by the treasurers from every other Province of the Dominion.

The Government of Ontario submits that, inasmuch as the Provinces and their associates, the municipalities, bear the larger share of the ever-increasing burden of Mothers' Allowances, direct relief, hospitalization, education and other social services' costs, they have the moral and equitable right to priority in income tax and all other direct taxes.

If the Dominion Government will look at this matter from a broad standpoint, they will accede to this request and will at least acknowledge the Provinces' right of priority in respect to direct taxation. If the Dominion authorities will do this, the Province of Ontario will be willing to look after unemployment relief and will ask no assistance from the Dominion Government, but will make an equitable arrangement with the municipalities, which will help to lift the heavy load of taxation that now bears upon real estate.

It has already been shown that the financial responsibilities of the Province have increased much more rapidly than those of the Dominion, and there is every reason to suppose that this trend will continue. In the long run the Dominion's financial needs are not likely to increase substantially.

With proper management Dominion debt charges can be stabilized and should in the near future begin to decrease. The cost of war pensions will start to fall rapidly during the next decade. Railway deficits may not be entirely eliminated in the immediate future, but they will almost certainly be lessened. Even if the Dominion does assume certain limited responsibilities in the field of social insurance, these will doubtless be on a contributory basis, and, with proper management, should not be a heavy financial drain.

The trend of Provincial obligations has already been discussed. The costs of education, health, welfare, housing, rural standards of life, and the relief of municipal tax rates, all present financial problems that the Provinces must face within the limits of their budgetary capacities.

We have already discussed differences in economic and political standards in the different regions of Canada. An important part of the political differences between regions, a significant variation in the political mores, is the different conceptions of means of achieving the varying standards of social justice. These differences in the regional conceptions of

public morality are, we submit, of fundamental importance. It is of the essence of self-government that a people shall be permitted to establish and enforce its own considered standards of fiscal justice. Different regions of Canada have varying conceptions of the usefulness of particular types of taxes in achieving their own standards of public morality. In part these differences of opinion with regard to public morality arise out of different economic conditions, but also, in part, they arise out of varying conceptions of the ends of the State, the objectives of government, and the foundation of political ethics.

We submit that each province, if it is to enjoy that measure of political self-government which is the essence of Canadian federation, must have the right to impose its own standards of public morality in its own fields of taxation. After the provinces have established their policies the Dominion may impose its conception of fiscal justice in relation to Confederation as a whole.

When the principal income tax is levied by the Dominion, with identical exemption allowances from coast to coast, serious injustices arise from the differences in the cost of living. It is well-known that \$3,000 a year represents a much larger real income in the Maritime Provinces than it represents in Ontario or in British Columbia.

While it is agreed that the bases of federations differ considerably in the several federal systems in the world today, it is not without significance that in every other important federal country, the states, provinces, or cantons, have the prior right of taxing incomes.

In the United States all national, state and local taxes, paid or accrued, except income, estate, succession, legacy and gift taxes, and taxes assessed against local benefits, are allowed as deductions from income under the Federal Income Tax. (Revenue Act, 1936, s. 23-c).

In Australia, by Income Tax Act, section 72 (1), the tax payer may deduct from his income, before calculating his federal tax—

- (a) all rates which are annually assessed.
- (b) Federal land tax, or land tax imposed under any law of a State or of a Territory.
- (c) income tax imposed under any law of a State or of a Territory.

In Germany under the Federal Empire, the State had priority in respect of income taxes. They lost this right with the passing of the Federal form of government.

In Switzerland, Canton and Commune income taxes have priority over the Federal tax.

The Government of Ontario believes that the economic progress of all classes of people depends in large measure upon the steady accumulation of industrial and social capital. When capital investments proceed confidently and at a healthy pace, employment abounds, Canadian youth finds work at home, sound immigration is encouraged, and standards of living progress. This is true, whatever type of economic system is in operation. No economic system can function progressively where taxation drains the principal sources of new capital to finance current expenditure.

At the present time large amounts of capital are required in Ontario to modernize industrial plants and to extend the development of natural resources.

In 1929 new industrial capital issues in Canada totalled \$470,000,000. In the following years new industrial issues fell drastically as the following table shows—(Financial Post Business Year Book, 1935).

1929	—	\$ 470,000,000.
1930	—	274,000,000.
1931	—	50,000,000.
1932	—	9,000,000.
1933	—	9,000,000.
1934	—	43,000,000.

The following are the statistics of the total capital employed in Ontario manufacturing industries as reported by the Dominion Bureau of Statistics:

1926	.....	\$1,985,166,000	1931	.....	\$2,285,361,000
1927	.....	2,134,181,000	1932	.....	2,144,009,000
1928	.....	2,275,921,000	1933	.....	2,087,072,000
1929	.....	2,418,340,000	1934	.....	2,063,721,000
1930	.....	2,431,369,000	1935	.....	2,064,194,000
Average			Average		
Annual			Annual		
Increase			Decrease		
1926-30	.....	\$111,551,000	1930-35	.....	\$72,435,000

Over the next few years probably not less than \$200,000,000 is required for modernization if Ontario industries are to retain and improve their position in both domestic and export markets. These sums must come from private investment, from corporate profits, or from new foreign investment.

The principal discouragement to such investment is the very high rate of tax on corporation profits. This is a form of double taxation which is both onerous and uncertain, especially to foreign investors.

Another discouragement is that the Income War Tax Act expressly disallows the deduction of obsolescence losses on machinery and equipment (Section 6-b). In England obsolescence has been allowed since 1897 by regulation and since 1918 by statute. New regulations issued in 1931 still further broadened and extended the definition of obsolescence. In the United States obsolescence was allowed in part under the Act of 1909, and fully recognized in the Act of 1918. The argument in favour of permitting generous allowances for obsolescence is that it encourages modernization of plant and replacement of out-of-date machinery. It is generally agreed that the law in England has been of definite value in encouraging modernization, and in stimulating the capital goods industry during the depression.

In Canada depreciation allowances are more generous than in England. There are, however, a number of industries, e.g., hosiery, furniture, certain metal trades, where the allowance of obsolescence would immediately stimulate capital expenditures in plant replacement. The immediate cost to the Treasury would be small, and the loss would be more than returned to the Treasury in the tax revenues from the larger profits of later years.

The application of the Dominion Income War Tax to personal incomes also includes a number of features which discourage investment and the development of new undertakings.

One such feature is the highly arbitrary distinction between "earned" and "investment" income. The distinction was introduced in 1935, applicable to incomes received in 1934, and is made in the following terms:

"Earned Income" means salary, wages, fees, bonuses, pensions, superannuation allowances, retiring allowances, gratuities, honoraria, and the income from any office or employment of profit held by any person, and any income derived by a person in the carrying on or exercise by such person of a trade, vocation or calling, either alone or, in the case of a partnership, as a partner actively engaged in the conduct of the business thereof, and includes indemnities or other remuneration paid to members of Dominion, Provincial or territorial legislative bodies or municipal councils, but shall not include income derived by way of royalties, or any income, irrespective of the source or combination of sources from which it may be derived, in excess of Fourteen Thousand dollars;

"Investment Income" includes any income not defined herein as "earned income" and also any amount deemed by this Act to be a dividend and any income from whatever sources derived in excess of Fourteen Thousand dollars.

The economic justification for imposing higher rates of tax on investment or funded income is that it possesses a greater measure of security. Receipt of funded income makes it less necessary to save for old age or for any other form of economic incapacity. The wholly arbitrary sur tax on salaries exceeding \$14,000 a year, a sur tax over and above all other sur taxes, discourages or prevents a substantial amount of saving and investment by men who are in an especially good position to direct advantageously the flow of new investment.

It is interesting to note that the definition of earned income, for purposes of the United States Income Tax Act, is similar to that of the Canadian Act in that it limits this term to \$14,000. The use of this definition in the United States Income Tax Act is different, however, because in that Act there is no additional tax for that proportion of a person's income which is earned which is deemed not to be earned income, rather there is a deduction or credit allowed of a portion of the defined earned income before the tax is calculated. (Revenue Act, 1936, s. 25).

In the British Income Tax Act the definition of earned income is again similar to the definition in the Canadian Act, with the all important difference that there is no limit placed at \$14,000 or at any particular point. Again in Great Britain, as in the United States, there is no special tax imposed because a person has income not defined as earned income. Instead there is a credit allowed of 20 per cent. of the earned income, as defined, subject to a maximum of £300. (Codified Bill, s. 81).

It can be seen that in the United States and in Great Britain the definition of earned income has a purpose of value to the taxpayer. It gives the taxpayer an incentive to make a larger earned income, because he will receive a larger credit before the tax is applied. In Canada this is not the case. In this country, investment income is added to earned income and the total is considered the net taxable income. No credit is allowed against net taxable income for a portion of the earned income. The rates of tax are set out in the First Part of the First Schedule of the Dominion Act and range from 3 per cent. on the first \$1,000 in excess of exemptions to 56 per cent. on all income in excess of \$500,000. On top of this all income in excess of \$14,000 even though it is included in the basis

for tax, under the First Part of the Schedule is set out again as a basis for tax, this time as investment income and subjected to further tax at rates ranging from 3 per cent. on the first \$6,000 in excess of \$14,000 up to 10 per cent. on all income in excess of \$200,000. These two taxes are not all. When a man has a total income in excess of \$5,000 he is required to pay in addition 5 per cent. of the total of these two taxes.

Another discouraging aspect of the Dominion Income War Tax Act is that there is no provision for the averaging of losses made in one year against the profits in another. This principle has been in force for many years in the British Income Tax Act (Finance Act, 1926, s. 33. Codified Bill, s. 96). Take for example a concern which is just newly organized and which over a period of two, three or four years is building up its business and is running at a loss. Under the present Act it is never given any credit for its accumulated losses or such expenses as advertising or a sales campaign. When the period comes that it makes a profit, it has to pay on the profit made in that particular year and is given no credit for its preliminary losses and expenses without which it most probably would never have made a profit.

Another example is the case of a company in the business of one of the building trades. In eight of the years from 1918 to 1932, the assessed profits totalled \$160,000 on which it paid taxes of approximately \$16,000. In the seven remaining years it made losses totalling \$150,000. Its total net income during fifteen years was, therefore, only \$10,000 on which it paid taxes of \$16,000 or 160%.

Take the case of a farmer having a crop failure over a period of years, or a manufacturer sustaining losses over a period of years. No consideration is given for these lean years, in the event of these farmers and merchants later having profitable years.

Similarly in the case of a person and particularly a professional man who for some years has been out of employment or whose profession has been carried on at a loss, no consideration is given for these lean years, when later he finds himself to have an income above the statutory exemption.

All of these examples have to do with the principle which has been in force in Great Britain for many years permitting losses in one year to be credited against profits of the next succeeding six years. Serious consideration should be given to the institution of the principle of averaging losses and profits over a term of years.

Another serious fault is that the Dominion Income War Tax Act refuses to regard the taxpayer's income as a whole, in the one situation where it ought so to be regarded. For instance a person has a fixed income from one source, say a salary of \$15,000. In addition he engages in another business from which he receives no salary but which is carried on during the year at a loss. Under the present Act such a person is not allowed to offset this loss against his salary income. This practice clearly discourages individuals from actively assisting or participating in new or allied undertakings. (Relief of this nature is granted in the British Income Tax Act—Codified Bill S. 94 and in U.S. Revenue Act, 1936, s. 23-e).

Some provision should be made for an undertaking whose income is a bookkeeping profit and not a withdrawable cash profit. The present Act makes no distinction between an income which might be in cash and another income which might be in inventories of merchandise, accounts receivable, plant, machinery, equipment and buildings. A developing and expanding business may for several years show a profit on its books, but have a net working capital position which makes the present high rate of tax most embarrassing. It might even be that this embarrassment would be so great that the business would have to be materially curtailed and its growth permanently retarded.

An Income Tax Act should allow a deduction with respect to life insurance premiums paid out of income. The refusal to make such allowances discourages self-help. In Great Britain such relief is given (Codified Bill SS. 90-93). This relief is of course subject to certain limits. The amount deductible may not exceed 7 per cent. of the lump sum payable at the completion of the contract, nor may it exceed one-sixth of the individual's total income, nor may it in the case of annuity contracts exceed £100. It is suggested that life insurance premiums on policies up to \$12,000 lump sum value or annuities up to \$1,200 a year ought to be allowed as deductions from taxable income.

Inasmuch as the Dominion Government contributes nothing to the upkeep of the Universities of Canada, it is submitted that the Dominion Act should grant exemption or a deduction for the expense of a son or daughter attending University in the same manner in which a deduction is allowed for a dependent child.

Under the Dominion Income War Tax Act when a person under-estimates his tax he is required when the assessment is made to pay the differ-

ence in tax plus interest on such difference at 5% per annum from the date the Income Tax as estimated was payable until the date of payment of the final assessment. On the other hand if a person over-estimates his tax and applies for a refund, he may be able to obtain a refund, but there is no provision in the Act for interest to be credited on the overpayment. It is submitted that this is very unfair. It is submitted that any overpayment of tax should carry interest at 3% to be calculated from four months after the overpayment first was made.

These points have been raised, not in criticism of the technical administration of the Dominion Income War Tax Act, but as points in which Ontario's experience of the past few years has indicated that changes are desirable. The Ontario Act, of course, contains all the same faults, because for administrative reasons, and to simplify the task of the taxpayer in preparing his returns, the Ontario Act has been made, *mutatis mutandis*, identical with the Dominion Act, except in the matter of rates of tax. The Ontario government has received the most cordial cooperation from the Dominion officials in all matters concerned with the administrative machinery of levying and collecting this revenue.

Succession Duties

Under the Ontario Succession Duty Act there are three principal subjects upon which the tax falls, namely, property passing on the death, a transmission within the Province as defined in the Act, of personal property locally situate outside the Province, and certain gifts made by the deceased person during his lifetime.

Property passing on the death as defined in the Ontario Succession Duty Act, R.S.O. 1937, Ch. 26, Section 10, includes not only property actually passing, but in addition, certain classes of property which under the Act is deemed to pass, namely, property held jointly, annuities and insurance, property over which the deceased had a general power of disposal, property the subject of certain kinds of settlement made during life, and property which was the subject of a gift made outside Ontario by the deceased person, if he were domiciled in Ontario at the time of the gift and at the time of the death, and if the property itself were situate in the Province of Ontario at the time of the death.

The Act provides that when a person dies domiciled within Ontario and owning property being personalty situate outside of Ontario at the time of the death, passing to a person resident or domiciled within Onta-

rio at the time of the death, there shall be deemed to be with respect to such property, a transmission within Ontario of personal property locally situate outside of Ontario (R.S.O. 1937, Ch. 14.) This provision and the imposition of duty upon such a "transmission" were first introduced into the Ontario Act in the year 1934 (Statutes of Ontario, 1934, Ch. 55) as a result of the decision of the Privy Council in the case of *Provincial Treasurer of Alberta vs. Kerr*, (1933), 4 D.L.R. 81. Prior to that decision the Act had purported to tax only property situate in Ontario upon the assumption that the widely accepted opinion was correct, that the personal property of a person who died domiciled within the Province, although locally situate outside the Province, was to be treated as property within the Province for the purposes of taxation under the B.N.A. Act, by reason of the application of the doctrine—*mobilia sequuntur personam*. If this view had been correct it would follow that the intangible personal property of a deceased person would have been deemed to be within the Province, and consequently, subject to duty under the Act. The decision in the Kerr case, however, definitely upset this view, and accordingly, the tax upon all transmissions defined as set out above, was introduced.

Under the present Ontario Act, the duty upon gifts made during the lifetime is made by imposing the tax upon certain "dispositions" made in Ontario, a disposition as defined in the Statute, being the act of making a gift either absolute or by way of trust or otherwise, but excluding, of course, the settlement comprised in the definition of "property passing" as mentioned above.

For the purpose of preventing evasion of duty upon merely technical grounds, the Act also imposes duty upon a person to whom a disposition of personal property has been made outside Ontario, where both the donor and the donee were domiciled in Ontario at the time of the making of the disposition and at the time of the death.

The following observations are submitted upon the incidence of the duty imposed by the Ontario Succession Duty Act:

The duty is imposed upon certain property, transmissions of property and dispositions of property as defined in the Act. In considering the duty upon property, little question arises with respect to real estate, as Ontario does not attempt to impose a duty upon real property situate outside its boundaries. In considering personal property, however, it should be emphasized that since 1934, the date of the decision in *Provincial Treasurer of Alberta vs. Kerr*, (1933) 4 D.L.R. 81, the Province has imposed a tax only upon personal property locally situate in Ontario. Furthermore

the Province does not attempt to define what shall be personal property situate in Ontario. The duty is imposed only upon such property as is considered by law to be locally situate inside the Province.

The duty upon a transmission or upon a disposition as defined in the Act is in effect a tax upon a person or property. Here again the duty under the Act must fall upon a person or upon property within Ontario. It is accordingly submitted that in all of its aspects the Ontario Succession Duty Act falls clearly within the constitutional limits allotted to the Province under the British North America Act.

The Government of Ontario believes that the Succession Duties are a proper provincial tax, and it takes the strongest possible exception to the suggestions that the Dominion should take over this field of taxation, or that the Dominion should interfere in any manner in the levying and collection of these taxes by the Province. Ontario has always been willing and is still willing to enter into broad and reasonable reciprocal agreements with other provinces or states with view to avoiding unfair double taxation. Details with respect to the history of the Ontario Succession Duties is given in the Appendix.

The Social Services

The Government of Ontario believes that all the functions of the state commonly grouped under the general title of the social services can be administered best by the Province from the standpoint of both financial and human efficiency.

The proper role of the state in relation to social services is still a matter of controversy, and the lines of development and the methods of administration are still in the experimental stage. There are wide differences of opinion in Canada, and especially between different parts of Canada, as to how far governments should go in these matters, and what broad types of legislation should be enacted.

Unquestionably the proper answers to all these questions differ with the circumstances, the economic organization, and the public morality predominant in each region. Under these circumstances the provinces should be left free in these fields to follow their own lines of historical development. When the time comes that there is substantial unanimity among the provinces as to the objectives of state policy, the most suitable types of legislation, and the proper administrative machinery of control, it will be the proper time for the provinces to confer as to the desirability of develop-

ing either reciprocal agreements or uniform legislation, or possibly of inviting the Dominion Government to assume administrative or other responsibilities in the co-ordination of provincial schemes.

The costs of the principal social services in Ontario are set out in various tables in the appendix, as follows:

Education, Tables 15-17.

Hospitals, Tables 18-21.

Mothers' Allowance, Table 22.

Old Age Pensions, Tables 23-24.

Unemployment Relief, Tables, 25-26.

The Government of Ontario is willing and able to assume all these costs. All it asks is that the Dominion refrain from encroaching on its proper sources of revenue, and refrain from destroying the financial balance of Confederation by taking the lion's share of personal income taxes and the revenues arising directly out of the exploitation of natural resources.

Unemployment Relief

As to the general problem of Unemployment Relief and its administration, the Province does not deem it necessary to deal with the matter at any length, in view of the comprehensive study and report of the National Employment Commission which has been submitted to the Federal Government.

The Province, however, is drawing the attention of this Commission to the financial aspect of the problem and is setting forth in Appendix form the statistics showing the financial burden of Unemployment Relief upon the Province of Ontario and its municipalities from 1930 to 1937. This table shows that the staggering burden of \$118,400,000 has been carried by Provincial and Municipal Governments during this period.

The numbers on relief reached a peak in March, 1933 of 485,949, as compared with 434,170 in March, 1934; 418,141 in March, 1935; 433,262 in March, 1936; 334,863 in March, 1937; and 274,389 in March, 1938.

The Province's share during this period amounted to \$78,052,000, and a large part of this was funded up to 1935. During the fiscal years 1936-1937 and 1937-1938 the Province has carried its share of the burden out of current revenues.

The municipalities' share during the period 1930 to 1937 amounted to \$10,358,000. The Dominion paid over the same period, in the form of Grants-in-aid to the Province, the sum of \$52,968,000, or 30.91% as compared with the Province's share 45.54% and the municipalities' share 23.55%. The burden of carrying relief costs has been an extremely onerous one upon the taxpayers of the Province, and upon municipal taxpayers as well.

The report of the National Employment Commission, among other features, recommends that a segregation as to classification be made of the employables from the unemployables, and that the Dominion assume extended responsibility in administration for the employable class. The Province, therefore, is unable to express any view as to this administrative side of the problem until the decision of the Federal Government is known as to what extent it proposes to implement these and other recommendations of the report.

Problems of the Municipalities

It is to be noted, in reviewing the history of municipal government in Ontario from 1913 to the present time, that municipal budgets have increased in the aggregate for the Province from \$34,250,000 in 1913, and \$102,146,200 in 1926, to \$117,887,933 in 1936.

During the same period, aggregate assessments have increased from \$1,727,234,000 in 1913, and \$2,806,911,000 in 1926, to \$2,919,359,401. in 1936.

Tax Arrears during 1934 reached a figure of \$58,188,000, in 1935 \$53,757,000, and in 1936 \$47,428,000. The figures on total tax arrears outstanding in the Provinces are not available.

It is self-evident that the burden of taxation imposed upon real estate has increased enormously during this period. This increase has been due to additional burdens for social services by way of hospitalization and unemployment relief, mothers' allowances and old age pensions, which costs have fallen upon real property owners. The result has been that tax collections have fallen off in a marked way throughout Ontario, and so acute did this condition become in certain areas that municipalities were forced to default upon their debt obligations. Thirty-four municipalities defaulted in Ontario from 1930 to 1938, amounting to \$103,000,000 of debt. (Details will be supplied to the Commission.)

In 1935 the Provincial Government took steps to deal with the problem of municipal default and took measures exercising a greater control and supervision of municipal government. Control of capital expenditure was vested in the Municipal Board by section 89 of "The Ontario Municipal Board Act" (now R.S.O. 1937, Chapter 60, Section 70) which provides that notwithstanding the provision of any general or special Act a municipality shall not exercise any of its powers to proceed with, authorize or provide any moneys for any undertaking, work, project, scheme, act, matter or thing, the cost or any portion of the cost of which is or is intended or required to be provided or raised by the issue of debentures of the municipality, until the approval of the Board has first been obtained.

Under this section no municipality in the Province can undertake a program involving expenditures where it would be financed by issue of debentures unless the approval of the Ontario Municipal Board has first

been obtained. These provisions have acted as a brake on capital expending, which shows there has been a reduction in the municipal debt of the Province of Ontario from \$483,952,700 at the end of 1934 to \$431,546,483 at the end of 1936.

In 1935 the Department of Municipal Affairs was created, which was given the power of direct supervision and control of municipalities in default and charged with the task of improving generally the methods and standards of municipal government. Under the supervision of the department the position of supervised municipalities has improved and refunding plans have been accomplished in eight municipalities, representing a total debt of \$56,000,000. (See Appendix.) The department has a trained staff of municipal officials expert in their various phases of municipal administration, and through their guidance and assistance the standards of municipal government are being improved and extended throughout the province. Due to the control of capital expenditures being vested in the Ontario Municipal Board and the general supervision of the Department of Municipal Affairs, no further defaults have occurred during 1936 and 1937, and the Province may take credit for the energetic measures to deal with the alarming picture that had developed up to 1934.

While it is true that there were other factors contributing to these defaults, at the same time they were in a large measure due to the taxation powers of these municipalities having been exhausted by the increasing demands for social services of various kinds which the municipalities were required to assume. Until 1936 these obligations were, for the most part, placed upon the municipality by the Provincial Government, and it was only in 1937 that the Province of Ontario was able to put its own budget in such a position that it was able to take definite steps towards the alleviation of these excessive burdens.

The steps taken included the one-mill subsidy on the rateable assessment of every municipality in the province, the assumption by the Province of the entire cost of Mothers' Allowances and Old Age Pensions, the assumption of County roads and Township roads expenditures up to 50% of the total cost. In all, this relieved the municipalities of an annual tax burden of more than \$13,000,000.

Detail of the annual savings to municipalities for the year 1938-39 are:

One-Mill Subsidy	\$ 3,000,000
Mothers' Allowances	2,220,000
Old Age Pensions	1,139,000
Township Road Subsidy	300,000
King's Highways	4,000,000
County Roads taken over.....	500,000
Hospitalization — indigent tubercular patients	1,000,000
Education — 1938	1,200,000
	<hr/>
	\$13,359,000
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The Province was able to accomplish such policy by reason of the fact that it had brought its own budget into balance and was able to pass the benefits back to the taxpayer in the form of reduced municipal taxation.

The Province believes that all social services should be met out of direct taxation, and if this field had not been invaded by the Dominion the Province would be in a position still further to alleviate the present load which municipalities are required to carry. For example, the Province might assume a larger share of unemployment relief, and could further relieve the municipalities from the cost of social services and education.

So long as taxation on real estate remains at the present high levels, the building industry is likely to remain stagnant, because there is no encouragement to builders to undertake new projects when the earnings of the investment are likely to be absorbed by taxation. Recognizing this fact, the Province has determined to do whatever is possible within the limitation of its own budget requirements to improve the position of the municipal taxpayer. Having in mind, however, the provincial requirements it is difficult to see how further benefits can be passed on to the municipalities beyond those at present, unless an agreement is reached with the Dominion with respect to the prior right of the Province to collect income tax.

In the latter part of 1931 and in the early part of 1932, several municipalities in the Province of Ontario were experiencing extreme difficulty in meeting their debenture and other obligations, and at the same time maintaining municipal services on an adequate or even a reasonable basis.

Up to that time the municipalities' bankers had made the necessary advances to meet their current requirements pending the collection of taxes. With the gradual falling off of tax collections during the depression, to all time lows, in many cases considerably less than 50% of the current year's tax levy, the banks, feeling that their security was being seriously weakened and impaired, declined to continue making any further advances. The result was that these municipalities faced default in payment of their obligations. Some in fact did actually default at that time.

Faced with these conditions and with no statutory provisions to cope with the situation for the protection of both parties concerned, the Province enacted the Ontario Municipal Board Act 1932, which replaced previous statutes relating to the functions of the former Ontario Railway and Municipal Board.

Under the provisions of this Act, the Board was given special powers and jurisdiction over defaulting municipalities which included among other things, authority to vest control over the local municipal administration in Committees of Supervisors.

These Committees of Supervisors were appointed by the Board upon application by the municipalities themselves or the Creditors to come under the provisions of the Board Act. Each Committee consisted of five persons, two nominated by Council to represent the municipality, two to represent the Creditors, and the fifth was a direct appointee of the Board as an independent party who assumed the office of chairman. In 1934 the Act was amended to provide for the appointment of an inspector in lieu of a Committee of Supervisors, who was directly responsible to the Board. There were very few inspectors appointed however, the majority of municipalities being placed under Supervisors' Committees.

The powers conferred upon these Committees of Supervisors, as provided by the Act referred to, were very wide in their application. They of necessity had to be, if the Committees were to accomplish anything in the way of effective results which would assist towards a rehabilitation of the municipality's credit and financial standing.

When the Supervisors took office, there were innumerable difficult problems which had to be faced as will undoubtedly be realized. The general policy of the Supervisors was to interfere as little as possible with the operations of the elected councils, but at the same time to endeavour to secure the co-operation of both councils and officials in those matters which they felt necessary to have carried out. While occasional opposition

was encountered in carrying out this programme, for the most part a spirit of harmony and willingness to co-operate prevailed.

The general program to effect the necessary improvement in the finances of these municipalities embodied certain principles which were adhered to throughout their tenure of office, amongst which the most important were:

(1) Preparation and consideration of the estimates for the year in the early months of the year, January or February.

(2) Limitation of the expenses of the municipality to those estimated, once the budget was established.

(3) Approval of expenses and of the incurring of all financial obligations by the Supervisors.

(4) Improvement in the time and manner of the collection of taxes.

(5) Registration of properties for arrears of taxes in order to rid the rolls of non-revenue producing properties.

(6) Approval of all by-laws of the municipality by the Supervisors before their becoming effective.

(7) Continuous supervision including regular business meetings of the Supervisors at least once a month with the Reeve and Mayor of the municipality and its chief officials.

(8) Consideration at such meetings of statements of tax collections, banking and cash position, balance sheets and statements of revenue and expenditure in comparison with estimates.

Up to the time the Supervisors assumed office, the municipalities while making provision for debt charges in their levy were not collecting sufficient taxes to enable them to meet these obligations. In order therefore to alleviate the onerous burden of taxation which then prevailed, such debt charges were deferred by the Supervisors either wholly or in part and in addition, substantial reductions were made in operating expenses.

The foregoing supervision was continued through the tenure of office of these Committees until 1935 when the Department of Municipal Affairs of the Provincial Government was established and through a change in Government policy, the Committees of Supervisors were abolished and the work of supervising defaulting municipalities was placed under the jurisdiction and control of the Department.

When the Department took over this important phase of work there were 31 defaulting municipalities. Since that time there have been 3 additional municipalities added to the list bringing the total up to 34.

The Department of Municipal Affairs Act provides that upon application of the Department, the council, or of creditors having claims representing 20% of the total debt of the municipality, the Ontario Municipal Board is empowered to order control and charge over the affairs of the municipality to be vested in the Department. Such an order is effective in its application until such time as a countermanding order is issued by the Board. Such countermanding orders releasing municipalities from the Department's jurisdiction can only be made by the Ontario Municipal Board, however, upon the recommendation of the Department.

The policies put into effect by the former Committees of Supervisors have not only been carried on and furthered by the Department, but in addition, these have been extended and enlarged or improved upon as deemed necessary so as to more effectively implement the necessary improvement in financial and administrative matters that are essential to the well-being of the municipalities.

Instead of having local units handling the affairs of these municipalities and being responsible to one central body of the Provincial Organization, the Department now maintains direct contact with the municipalities through its officials in the daily exercise of their duties. This control has been co-ordinated and policies, regulations and remedial measures have been more or less standardized being subject only to variations as necessitated by reason of the peculiar circumstances of the municipalities involved from the standpoint of size, character and geographical position.

Through the enlarged facilities of the Department, exhaustive investigations, studies and surveys have been made on municipal matters generally including both those directly affecting defaulting municipalities and others. The Department's efforts in this direction are reflected in the general improvement experienced in their financial and administrative affairs.

Some Observations on Tariff and Monetary Policy

Tariff Policy

Canada has had a protective trade and tariff policy for nearly eighty years. The history of this policy need not be repeated. It began in 1858-59 as a policy of "incidental protection". By 1879 it had become a policy of moderately high tariff. From 1879 to the present (excepting the years 1930-1935), there has been no really significant change in the system, and there has been little change in what may be rather vaguely called the general level of protection.

In sixty years Canada has steadily maintained a considered policy of moderate protection. Like all policy, it has been a compromise between conflicting groups and regions. There has been a certain amount of protest from both extremes, and occasional sporadic revolts in this area or that. But in fact, if not always in theory, there has never been a coherent long-lived party organization committed to radical change of the whole policy.

During these sixty years, and under this policy, Canada has prospered greatly, and every part of Canada has shared in this prosperity. An equal or greater, or lesser degree of prosperity might possibly have occurred with a different policy; but that is an academic question that has little relevance to the present enquiry.

Tariff policy is a Federal matter. We believe that it is largely irrelevant to this investigation, and as a Province we do not argue a case for or against the ultimate desirability of any particular trade policy. Tariff policy is the concern of the Federal Parliament, and it is in the arena of federal politics that the issues should be discussed and must be decided.

The tariff issue has, however, been injected into the discussions before this Commission. It has bulked large in some of the briefs submitted, and, in effect, large claims for compensation have been made. We, therefore, desire to make some observations on the general questions raised and to discuss briefly some of the types of evidence submitted, and to correct some serious errors.

Tariff policy cannot be isolated from other policy. Government policy in any particular regard is inseparably bound up in policy as a whole. Tariff policy, at the very least, must be considered as a part, often not the most important part, of what may be called Trade policy. Trade policy, in addition to rates and schedules of import taxes, includes the wide field of administrative protection, quotas, embargoes, dumping clauses, and many other things. It includes all matters of trade treaties and agreements, as well as the work and functions of the Commercial Intelligence Service. It is closely related to railway, shipping, and monetary policy. The tax on imports is only one aspect of Trade policy, and to confine the estimates of the effects of Trade policy to a calculation of the burden of the tax on imports is to give a most one-sided view of Trade policy as a whole.

Even Trade policy as a whole cannot be properly appraised by itself; it can be evaluated only with reference to other policies. Railway and ocean rates and services, and government policy in relation to them, may often be more important factors in trade than customs duties. Monetary policy may be designed to give effect to Trade policy, or Trade policy can be altered to secure a Monetary objective. Immigration and settlement policy cannot but have very important effects on trade. Government policy, in a word, must be taken as a whole. This is especially true when claims for disability are being presented by a province to the Dominion. No policy can ever have an equal effect over the whole country. Every policy confers uneven benefits and imposes uneven costs. The Australian Grants Commission, after prolonged study of the claims of tariff disabilities by certain States, concluded that a tariff policy probably did impose uneven burdens, but it asserted vigorously the view that tariff policy was only one aspect of federal policy, and that federal policy must be considered as a whole. Its final conclusion, it may be added, was to reject the validity of the whole basis of making claims on the grounds of the uneven effects of either individual or total federal policy.

Assuming for the moment, however, that Trade policy can usefully be discussed in isolation, what can be said of the effects in Canada of sixty years of protection? Economists and historians do not speak with a single voice, but there is fairly general agreement that it accelerated economic diversification and stimulated the growth of certain types of secondary industries. But it is frequently asserted that the tariff has concentrated industrial development in Ontario and Quebec. This is an entirely unwarranted assumption. Under a different Trade policy there might have been different kinds of industrial growth, there might have been a larger or smaller quantity of industrial development, but such in-

Industrial development as would have taken place would still have been concentrated in the Lower Lakes-St. Lawrence area. Under any Trade policy industry would have developed and would have settled where population was densest, where power and transportation facilities were cheapest. Southern Ontario and Quebec are the inevitable industrial areas of Canada. It is even probable that the Canadian Tariff policy has actually tended to disperse industry in Canada.

Trade and tariff policies undoubtedly impose costs and confer benefits. Various briefs presented to the Commission have emphasized the burdens of the tariff in various regions and have assumed that large benefits accrue to central Canada and especially to Ontario. The impressions thus presented must be corrected by some consideration of the benefits accruing to these other areas and the burdens imposed on Ontario.

Industrialism is not all benefit; it also imposes heavy social costs. Industrialism and urbanization impose heavy costs in sanitation, local and inter-urban transport services, police and fire protection, etc. Sir Patrick Geddes once said that more than half the cost of local government in England was to make life under urban industrialism tolerable. The social costs of industrialism include items from minor inconveniences to the problems of prolonged wholesale unemployment. Ontario pays heavy duties on coal, lumber and sugar largely, if not wholly for the benefit of other regions.

The Maritime Provinces have had a large measure of protection. Probably as large a proportion of Maritime production is protected as of Ontario's. The tariff preferences given to Maritime ports have benefitted them and imposed substantial costs on the rest of Canada. The Dominion has taken over the whole cost of administering the fisheries. Maritime products have always received close consideration in Canadian trade treaties.

Prairie producers have benefitted from heavy duties on butter, meat, eggs, sugar and grain. The high tariff placed on New Zealand and Australian butter in 1930 was of very great value to the West, but resulted in a very large volume of direct and immediate unemployment in Ontario industries exporting to those countries. Prairie products have found a prominent place in Canadian trade treaties.

British Columbia has benefitted from the tariff preferences to Canadian ports, from the assumption of costs of fisheries by the Dominion, from inclusion of its principal products in practically every trade treaty signed by Canada, and by the direct protection of most of its products.

A customs tariff affects prices and costs. Some producers benefit more and some less; some have to bear higher costs than others. Many producers benefit in one respect and lose in another. The way in which, and the extent to which these costs and benefits are distributed is a problem to which no satisfactory answer has yet been found. On a priori grounds it can be argued that one area gains or loses more than another. But methods of measuring these costs, even roughly, have not yet been developed. Rogers, in the Nova Scotia 1934 Brief, estimated the annual burden of the tariff to the Prairies at \$86,000,000. McGregor (in the *Canadian Journal of Economics*, 1935, pp. 384-395) using the same basic method of approach arrived at figures which indicated an annual cost of \$33,000,000. The Manitoba brief using a different method arrives at a figure of \$58,000,000.

The Western argument also takes the form that the Canadian wheat grower is at a relative disadvantage in the world wheat markets because of the Canadian tariff. It should be noted in this connection that his principal competitors, Australia, Argentine, and Russia have tariffs or other protective devices that are very much higher than the Canadian.

We turn now to some comments on the details of the Manitoba argument. The details of the way in which the figures have been compiled are very inadequately exposed, and the mass of detail is so great that only random checks have been possible.

Manitoba builds up an amount of \$58,000,000 by comparing retail prices at a point in Minnesota and a point in Manitoba. This figure is reached by taking a representative farm budget, estimating the higher annual cost in Manitoba (\$100), multiplying this figure by the number of farms on the Prairies (290,000), which produces a total of \$29,000,000. This total is then doubled on the unexplained assumption that the per caput burden on the urban population is equally great.

1. The estimates consider only those items in which the Canadian price is higher. No credit is given for the very large number of items that are cheaper in Canada. A great many other commodities entering into any family budget which are well known to be much cheaper in Canada are not even listed. The argument does not even pretend to examine the effects of the tariff as a whole; it merely picks and chooses among its items.

2. In several important cases entirely unlike commodities are compared.

(a) Rubber Tires—(*Manitoba brief*, IV, p. 25)

U. S. item, \$11.75, is second quality; Canadian item, \$16.80 is first quality. The correctly comparable price is \$14.45.

U. S. item, \$9.55 is 4 ply; Canadian item, \$14.45 is 6 ply. The correctly comparable price is \$11.55.

U. S. item, \$6.70 is 4 ply; Canadian item, \$11.45 is 6 ply. The correctly comparable price is \$9.15.

The excess annual cost of tires according to Manitoba's own method should be \$4.00 and not \$9.80. The difference multiplied by 290,000 and doubled is \$3,364,000.

(b) Electric motor, 1/3 h.p. a.c. (IV, p. 29)

U. S. price is given as \$8.40; Canadian \$21.50.

We are informed that the two most widely used motors of this type sold in Canada have the following comparative prices:—

U. S. A. — \$16.00; Canada — \$15.00

U. S. A. — \$18.60; Canada — \$26.00

(c) Washing machines, (IV, p. 33)

U. S. item, \$84.50; Canadian item, \$164.00.

This is clearly absurd. The American machine could be imported into Manitoba, freight, duty, and sales tax paid at a price of \$120.00. In fact the prevailing prices of this type of washing machine in Manitoba range between \$99.50 and \$124.50. A correction to \$120.00 involves a further deduction of \$3,555,000 from the \$58,000,000.

(d) Overshoes, (IV, p. 37).

U. S. item, \$1.98; Canadian item, \$3.29.

The correct comparable prices are \$2.35 and \$2.85.

This requires a further reduction of \$1,409,000.

On the three items, tires, washing machines, and overshoes, simple mistakes in pricing account for errors of \$8,328,000, or 15 per cent. of the \$58,000,000.

3. Sales tax is included in Manitoba prices, but not in the Minnesota prices. Other forms of taxation doubtless are absorbed into the Minnesota prices, but probably not nearly to a comparable extent. About half the representative farm budget is free of sales tax. Eight per cent. on the remaining half would be approximately \$40.00.

4. Heavy claims are made on items which are largely produced on the prairies, e.g. sugar, harness, cement, petroleum products.

5. The sample prices obtained are often highly unrepresentative. For example, 60 per cent. of the claim under building materials is for paint and shingle stain. Of the excess costs of household equipment, 70 per cent. comes from the incorrect figure for washing machines. In the food budget half of the claim is for prunes, raisins and coffee.

6. There is no justification for including purely revenue duties in a claim of disability arising out of a protectionist policy. Coffee, prunes, raisins, and oranges come under this head, and account for \$11.00 of the \$100.00 claim for disability; or \$6,380,000 of the \$58,000,000.

We have not had time to check much of the detail of these claims, but enough has been said to show that the figures of \$58,000,000 is without a sound statistical or logical basis.

The British Columbia brief in respect to the tariff is built largely on the concept of "barter terms of trade". No adequate explanation is given as to how these ratios are calculated. It is, therefore, impossible to examine them critically. (For a criticism of the whole "terms of trade" analysis see R. McQueen, "Economic Aspect of Federalism", *Canadian Journal of Economics*, 1935, pp. 365-366. Also B. K. Sandwell, "Dr. Carrothers on Inter-Provincial Trade," *ibid.* 1936, pp. 73-79).

The Nova Scotia brief relies heavily on the Rogers brief of 1934. This brief has been discussed critically by McGregor, "The Provincial Incidence of the Canadian Tariff". (*Canadian Journal of Economics*, 1935 pp. 384-395).

We have already said that if disabilities alleged to have resulted from Federal policy are to be made the basis of claims, then total Federal policy, and not one aspect of it, must be considered.

We make no attempt to list all these policies or to assess any in detail, but we merely indicate some of the more important.

(a) Railway policy, freight rates and railway deficits; not only the actual C. N. R. deficits but the value of subsidies and construction turned over to railways not included in the C. N. R. On this point, Professor McQueen (University of Manitoba) has said—

"The West regards the railway deficits of Canada with almost complete equanimity. They are regarded as an offset to the cost of the tariff and the West will continue so to regard them. . . . Sir Henry

Thornton in evidence before the Duff Commission said "You can have low freight rates and more taxes to pay in the way of deficits, or you can have remunerative freight rates and less taxes; but it cannot be done both ways". With tariff policies such as they are the West favours the first alternative." (*Canadian Journal of Economics*, 1935, pp. 358-359)

(b) The heavy debt incurred for canals and other aids to navigation on the St. Lawrence-Great Lakes route.

(c) The heavy "transfers" of purchasing power from Central Canada to the Maritimes and to the Prairies arising out of Dominion public finance.

(d) Excess cost to Ontario of tariff protected commodities sold in quantity to it by other provinces.

We make no attempt to set up a statement of profit and loss, because we do not believe that is a logical or possible basis for Federal finance. If, however, such statements are to be used we must insist that they be accurate and complete, and if such "accounts" are completed it is quite possible that the balance of advantage will be found to lie outside of Central Canada.

Monetary Policy

Manitoba has submitted a claim on behalf of the wheat growers of the three Prairie Provinces for \$281,000,000 for the years 1931-36, or \$47,000,000 a year, for loss of income due to the failure of the Dominion Government to devalue Canadian currency at least to the level of the Australian pound.

It should be noted in the first place, that this is a gross amount. No deduction whatever has been made for increased costs of imports, or for the rise in internal prices, or for the increased cost of servicing foreign loans.

Devaluation to the level of the Australian pound would have raised the cost of all imports. It would have had the effect of an addition of approximately 40 per cent. ad valorem to all tariff rates, dutiable and free. There is incidentally, a fundamental inconsistency between the whole tenor of the argument of Manitoba's Brief, Part III (Monetary Policy), and Part IV (Tariff Policy).

The Brief suggests that we should have adopted a devaluation policy in order to have maintained an internal price level comparable with that in Australia. The following figures speak for themselves.

Price Levels (1928-29=100)		Per Cent. Difference	Prairie Retail Sales (millions)	Added Cost of Price Differential	
Australia	Canada				
1931 ...	79.5	75.1	5.6	\$ 430	\$ 24,000,000
1932 ...	78.6	69.5	13.1	358	47,000,000
1933 ...	78.4	69.9	12.1	332	40,000,000
1934 ...	81.9	74.6	9.8	362	35,000,000
1935 ...	81.8	75.1	8.9	385	34,000,000
1936 ...	85.8	77.7	10.1	417	42,000,000
					<hr/>
					\$222,000,000

The probable rise in prices would thus have absorbed \$222,000,000; or \$37,000,000 of the expected gain of \$47,000,000 per annum.

The increased cost of servicing loans may be inferred from the following figures of Dominion and Provincial debt:

Payable in London	\$ 477,000,000
Optional payment in New York ..	\$ 1,112,000,000

In addition some \$800,000,000 of railway securities are payable in the United States and several hundred millions of securities of municipalities, public utilities and other industrial and commercial concerns.

Monetary policy, like Trade policy, must be considered as a whole. Deductions, for example, should be allowed for Federal policy designed to reduce rates generally.

But the claim that deliberate devaluation would have conferred benefits of \$47,000,000 per annum on the western wheat grower cannot be accepted.

The estimate of \$47,000,000 rests on two assumptions: first, that Canadian devaluation by 40 per cent. would not have affected the sterling price of wheat; second, that deliberate devaluation by Canada to this extent would not have affected the monetary policies of Australia, Argentine, or other wheat exporting countries. All the available evidence tends to show that neither of these assumptions is sound.

The condition of the market in Canada during 1931 to 1934, at least, was such that the existence of a substantially higher price for wheat in Canadian dollars would undoubtedly have very greatly increased the sales. Such a substantial increase in offerings would undoubtedly have driven the sterling price down, and the net gain in Canadian dollars to the wheat grower would have been only a small fraction of the \$47,000,000 claimed.

Deliberate devaluation by 40 per cent. would quite possibly have resulted in further devaluation by Australia. It would almost certainly have produced further devaluation (or the same result by a different device) on the part of Argentine. Deliberate competitive devaluation is a dangerous game, the end of which cannot be foreseen from the beginning.

Finally, it should be pointed out that devaluation had it had the effect assumed by the Manitoba Brief, would have encouraged increased production of wheat, thus aggravating the wheat problem, and postponing the establishment of a sounder relationship between wheat production and currently available world consumption.



STATEMENT
BY
THE GOVERNMENT OF ONTARIO
TO
THE ROYAL COMMISSION
ON
DOMINION-PROVINCIAL RELATIONS

Book III.

APPENDIX AND TABLES

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APRIL, 1938.

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History and Description of Ontario Taxes

Corporation Taxes

For some years prior to 1899 revenue receipts had not been sufficient to balance expenditures. The resultant deficits, however, did not provoke appreciable concern since they were largely met by the sale of timber rights and the realization of certain investments. But in 1899 Mr. Harcourt, anticipating a decline in revenue from Crown Lands, asked authority to introduce a tax on Banks, Insurance Companies, Loan and Trust Companies, Railways, Telegraph, Gas and Electric Companies, Express Companies, Sleeping and Parlor Car Companies. He said:

"We are now face to face for the first time with revenue conditions such as heretofore have not existed in the history of the Province. Next to our Dominion subsidy our main source of revenue is that from our Crown Lands and Forests. Our much debated policy touching the lumber question has met with universal approval. Rather than even think of receding from the safe vantage ground we occupy, that of preserving for our people the cutting of logs, we prefer to face the possibility of a largely decreased revenue from our timber and to make provision for meeting the deficiency in some other way."¹

It was pointed out when passing the Act that substantial disbursements had been made for purposes which were instrumental in character, such as railways and highways, and inasmuch as these expenditures had contributed to the development of the various companies, they could justifiably be assessed with part of the cost.

The Supplementary Revenue Act² was assented to April 1st, 1899 and provided for a tax on banks of 1/10 of 1% on the paid-up capital stock when such paid-up capital stock did not exceed \$2,000,000 and \$25 for every \$100,000 or fraction thereof of the paid-up capital stock in excess of the sum of \$2,000,000 and not exceeding \$6,000,000. Every bank was obliged to pay an additional tax of \$100 for every principal office in the Province and \$25 for each additional office or branch in the Province.

Hon. R. Harcourt, Budget Speech February 9th, 1899, p. 33.
Statutes of Ontario, 62 Vic., ch. 8.

The tax on Life Insurance Companies transacting business in the Province constituted a tax of 1%, and on all other Insurance Companies, with minor exceptions, a tax of 2/3 of 1%, calculated on the gross premiums received by such companies.

Loan Companies with fixed or permanent paid-up capital were subjected to a tax of \$65 where paid-up capital was \$100,000 or less, and \$65 on every additional \$100,000 or fraction thereof. Where the Loan Companies possessed only terminating capital, the first \$100,000 of paid-up capital was tax exempt.

Trust Companies were also subjected to a tax on paid-up capital amounting to \$250 on the first \$100,000 and \$65 on each additional \$100,000; and in addition, where the gross profits were not less than \$25,000, a further tax was imposed of \$500.

Railway Companies operating in the Province were called upon to pay a tax of \$5 per mile.

Street Railways were taxed rates ranging from \$20 per mile when the whole line did not exceed 20 miles in length, to \$60 for each mile of track exceeding 50 miles.

Telegraph, Gas and Electric Light Companies paid a tax of 1/10 of 1% on their paid-up capital, and Telephone companies 1/8 of 1%.

Companies engaged in producing or transmitting natural gas were subjected to a tax of \$1,500 and in addition a tax equal to 1% calculated on the gross receipts of the companies.

Express Companies operating over 400 miles of railway were called upon to pay a tax of \$800, and \$125 for every additional 400 miles or fraction thereof.

Sleeping and Parlour Car Companies were subjected to pay a tax of 1/3 of 1% upon the money invested in such cars in use in Ontario.

The Act, since its conception in 1899 when receipts amounted to \$217,000 in its first effective year, has been amended many times, and as a result of its wider application, higher rates and the growth of private industry, revenue has continued to expand, reaching, in 1937, \$10,690,000.

Attention may be called to a few of the more important amendments. By an Act in 1904, the tax on railways was amended and provided for a tax of \$30 per mile of one track and \$10 for each mile of second or more

tracks where the road was operated in an organized county, and corresponding rates of \$20 and \$5 where the line was operated in territory without county organization. Railway Companies operating lines which did not exceed 150 miles in length were taxed on a lower scale.

This appreciable increase in railway tax rates accounts in large measure for the expansion in revenue from \$35,000 in 1903 to \$188,000 in 1904. The larger receipts collected from railroads in 1906, amounting to \$376,000 compared to \$192,000 in 1905, was due to an amendment to the Act in 1906¹ which authorized an increase in tax rates which exactly doubled the rates provided under the 1904 Act.

In the session of 1914 the Corporation Tax Act, which had remained substantially unaltered since its inception in 1899 was thoroughly revised.

The 1914 Act² gave authority to the Government to increase the flat rate tax on the head offices of banks from \$100 to \$1,500 and for each additional office from \$25 to \$50.

The rate on life insurance companies was raised from 1% to 1¾%, calculated on the gross premiums received by the Company in respect to business transacted in Ontario.

The rate on other insurance companies was raised from 2/3 of 1% to 1%.

The tax on loan companies, where the company had fixed or permanent paid-up capital became a levy equal to 1/8 of 1% of the paid-up capital, but in no case less than \$100. Where the company had withdrawable capital the tax was equal to an amount of 1/8 of 1% of such withdrawable capital after the first \$100,000.

The tax on railways was also increased by laying an additional tax on companies with roads exceeding 150 miles in length, of \$25 per mile for one track and \$20 per mile for each additional track, making the rates \$85 per mile for single track and \$60 per mile for double track in organized counties, and \$65 and \$40 respectively in unorganized.

Street railways were also asked to pay more in taxation. In addition to the rates existing at that time, ranging from \$20 per mile to \$60 per mile of track, a tax equal to 1% of the net earnings was imposed.

Telegraph Companies under the 1914 Act paid a tax of 1/5 of 1% of the total amount of money invested by the Company within Ontario.

¹ Geo. V. ch. 11, 1914.

² Edw. VII. ch. 9, 1905.

The tax on telephone companies was raised from $\frac{1}{8}$ of 1% to $\frac{1}{4}$ of 1% of the paid-up capital.

Gas and Electric Companies were subjected to the same rate based upon their paid-up capital, but they were called upon to pay an additional tax of $\frac{1}{2}$ of 1% calculated on the net revenue of the Company.

The tax on Express Companies was raised to \$800 for each 100 miles of track or fraction thereof.

Sleeping and Parlour Car Companies became subject to higher tax rates amounting to a tax of $\frac{1}{2}$ of 1% upon the money invested in such cars used in Ontario.

These tax increases are reflected in the larger receipts from every branch of industry. Tax receipts from banks rose from \$76,000 in 1913 to \$195,000 in 1914; Railways from \$463,000 to \$641,000; Loan Companies from \$26,000 to \$52,000; Insurance Companies from \$211,000 to \$235,000 (\$555,000 in 1915); Trust Companies from \$11,000 to \$26,000; Telephone Companies from \$14,000 to \$33,000; Gas and Electric Companies from \$14,000 to \$32,000; Express Companies from \$45,000 to \$62,000; Street Railway Companies from \$14,000 to \$38,000; and total revenue from \$878,000 in 1913 to \$1,319,000 in 1914.

Following the Act of 1914 certain Insurance Corporations refused to remit the amount of the requisitions which they were assessed upon the grounds that the tax was ultra vires. The case was submitted to the Courts and judgment was declared sustaining the validity of the Act. The Insurance Companies thereupon paid up the arrears which was responsible for the large increase in 1916. In 1915 the tax on gross premiums was repealed and replaced by a flat rate tax of \$30,000 on every Insurance Company.⁵ The Insurance Companies, however, opposed the levy charging that it was inequitable and a return was made in 1920 to the former method.

In 1916 the tax on Loan Companies was changed to provide for a tax of $\frac{1}{25}$ of the paid up capital thereof and $\frac{1}{25}$ of all monies invested in Ontario by such Companies, excluding the office premises and cash in bank, but in no case less than \$100.⁶

In 1920 the Corporation Tax Act was amended to provide for an increase in the tax on the paid up capital of banks by striking out the words one-tenth in the 1914 Act and substituting the words one-fifth.

⁵ Geo. V, ch. 8, 1915.

⁶ Geo. V, ch. 8, 1916.

The tax on the head offices of banks was also raised from \$1,500 to \$3,000 and on branches from \$50 to \$100, receipts consequently rising from \$186,000 in 1919 to \$415,000 in 1920 and then to \$583,000 in 1921.

Life Insurance Companies were called upon to pay a tax equal to $1\frac{1}{4}\%$ of the gross premiums less the cash value of dividends in lieu of the flat rate tax of \$30,000 per annum. Insurance Companies, other than Life, were compelled to pay a tax of 1% on a similar base. Revenue declined from \$563,000 in 1919 to \$554,000 in 1920 but increased to \$673,000 in 1921.

In 1921 an additional tax was levied on banks equal to $\frac{1}{10}$ of 1% on the reserve fund and undivided profits. In the same year the Additional Tax on railways of \$25 per mile of track was increased to \$40. The Corporation Tax on Telephone Companies was raised from $\frac{1}{4}$ of 1% to $\frac{1}{2}$ of 1%.

The method of taxing corporations has not altered appreciably since the amendments in 1914 and 1920. Rates have been increased in a number of cases and an important change was made in the method of collection in 1934 which required that incorporated companies must submit payment of the estimated tax with their returns but the basis of the corporation tax remains substantially the same.

Under the terms of the 1937 Act rates are as follows:

Banks:

Every bank shall pay—

- (a) (i) a tax of one-fifth of 1% on the paid-up capital and one-tenth of 1% on the reserve fund and undivided profits.

These rates have been effective since 1921.

- (ii) an additional tax of \$3,000 for the principal office and \$200 for each additional office or branch.

An amendment in 1932 raised the tax in the case of the latter from \$100 to \$200.

Insurance Companies:

- (a) Every Insurance Company shall pay a tax of $1\frac{3}{4}\%$ on all gross premiums received by the Company from business transacted in the province, less cash value of dividends paid to policy holders. This represents an increase made in 1932 of one-half of 1% over the 1921 rate.
- (b) Every Fire Insurance Company shall pay a tax of $1\frac{2}{3}\%$ calculated on the gross premiums. This constitutes an increase made

in 1932 of 2/3% over the 1921 rate.

- (c) Every other Insurance Company shall pay a tax of 2% calculated on the gross premiums received, an increase made in 1932 of 1% over the 1921 rate.

Loan Companies:

Every Loan Company shall pay a tax as follows:

- (a) A company with fixed or permanent paid-up capital, one-twentieth of 1% on the paid-up capital thereof and 1/20 of 1% on all monies invested in Ontario excluding the company's premises and cash in bank, but in no case less than \$100. This tax was increased from 1/25 to 1/20 in 1932, otherwise there have been no changes in the Act since 1916 so far as rates are concerned.
- (b) Where a company has withdrawable or terminating capital as well as fixed capital, 1/25 of 1% on such withdrawal or terminating capital after the first \$100,000 in addition to the amount payable under (a).
- (c) Where a company has only the former capital 1/25 of 1% of such terminating or withdrawable capital and 1/25 of 1% of all moneys in excess of \$100,000 invested in Ontario.

A company doing the business of a savings bank in addition to the above rates, \$25 on each \$100,000 or part thereof of deposits up to \$1,000,000 and thereafter \$15 per \$100,000 of deposits over \$1,000,000 and not over \$2,000,000 and \$5 per \$100,000 of deposits over \$2,000,000.

Every Trust Company shall pay a tax of one-quarter of 1% on the paid-up capital thereof up to \$100,000 and \$100 on each additional \$100,000 or fraction thereof; and in addition a tax of 1% calculated on the gross annual income of the company on business transacted in Ontario.

This tax has not been amended since 1914.

Railways:

- (a) Every Company owning or operating a railway shall pay a tax of \$60 per mile for one track and where the line consists of two or more tracks, of \$40 per mile for each additional track when operated in any organized municipality and \$40 and \$20 respectively when operated in territory without municipal organization. Where the track does not exceed 150 miles in length the tax per mile for one track is \$15 and that for additional tracks \$5. Where the track does not exceed 30 miles in length corresponding taxes

of \$10 and \$5 shall be levied. There has been no amendment to this section since 1914.

In addition to the above taxes on railways there is a tax of \$25 per mile for one track and \$20 per mile for each additional track provided that the system exceeds 150 miles from terminus to terminus.

The Act of 1914 provided for rates of \$40 and \$20 respectively but by an amendment in 1928 the former was reduced to \$25.

Telegraph Companies

Telegraph Companies operating a line in Ontario shall pay a tax of 1% upon the total amount of money invested on such line or works and plant.

In 1914 the rate was one-fifth of 1% upon the total amount of money invested by the company on such line but this was increased to 1% in 1932.

Telephone Lines

Every Company owning, or operating a telephone line in Ontario having a paid-up capital of \$100,000 or over shall pay a tax of $\frac{3}{8}$ of 1% upon the paid-up capital thereof.

The 1914 Act provided for a tax on all paid-up capital of $\frac{1}{4}$ of 1%. In 1915 the first \$20,000 was declared tax exempt and in 1922 it was raised to \$100,000.

In 1921 the rate was increased to $\frac{1}{2}$ of 1% upon the paid-up capital. This was reduced to $\frac{1}{4}$ of 1% in 1928 and raised to $\frac{3}{8}$ of 1% in 1932.

Gas and Electric Companies

Every Gas and Electric Company shall pay a tax of $\frac{1}{10}$ of 1% of the paid-up capital and an additional tax of $\frac{1}{2}$ of 1% calculated on the net revenue of the Company earned in Ontario, municipal-owned Companies excepted.

These rates became effective under the authority of legislation enacted in 1914 and have not been changed.

Express Companies:

Every company including Railway Companies, carrying on the business of an express company shall pay a tax of \$800 for each 100 miles or fraction thereof but in no case more than \$10,000.

This rate has not been changed since 1914 but in 1932 an amendment directed that the tax should not exceed \$10,000.

Car Companies:

Every company other than a Railway Company transacting business in Ontario by operating sleeping, parlor, or dining cars run upon any railway in Ontario shall pay a tax of 1% upon the money invested in such cars so used in Canada.

The rate of this tax has not been altered since 1914 but the wording has been amended to exempt refrigerator, oil, coal or fruit cars run upon or used by any company other than railways within Ontario.

Street Railways:

The tax on street railways was repealed in 1935, street railways thereafter being taxed as ordinary incorporated companies.

In 1931 a tax was authorized to be levied of 1/10 of 1% upon the paid-up capital of all incorporated Companies transacting business in Ontario. Power was given to the Treasurer to allow such reductions as he may deem just for special cases. The provisions of the Act were not applicable to a wide range of companies including banks, insurance companies and other above mentioned companies which have been singled out for special taxation. Companies taxed under the Mining Tax Act are also exempt.

The Act was amended in 1932, 1933 and 1935 and the rate authorized by the 1937 Act is still 1/10 of 1%, provided that where all or part of the business of a company is investment and reinvestment in shares or bonds of other companies or any government a deduction shall be allowed from the paid-up capital in the same proportion as such investments bear to the total assets of the Company. The levy does not apply broadly speaking to any Company otherwise taxed under the Corporation Tax Act, or companies incorporated for fraternal purposes, agriculture, etc., or companies maintaining a head office in Ontario but whose business and assets are carried on and situated outside of Ontario.

Office Tax:

A tax is also levied of \$50 for each place of business; except where capital is less than \$50,000 when the tax is 1/10 of 1 per cent of the capital for each place of business, but with a minimum tax of \$20.

Companies incorporated for agriculture colonization, religious, philanthropic, social, educational or fraternal purposes, etc. with capital less than \$100,000 pay in lieu of the above office tax, a tax ranging from \$5 on capital up to \$20,000 to \$50 on capital over \$80,000.

Tax of 1 per cent on Net Revenue:

In addition a tax of 1 per cent is also levied on the net revenue of such companies subject to the following exceptions. Companies whose assets are outside Ontario; whose assets are shares of other companies, and those incorporated for religious, charitable, social purposes, etc.; transportation companies with assets outside Ontario; and companies whose gross revenue investments are not less than 95% of total gross revenue.

Tax on Finance Companies:

In 1931 authority was taken to levy a tax on finance companies but this Act was abolished in 1935, such companies thereafter being taxed as ordinary incorporated companies.

Revenue was \$20,000 in 1931 and Tax on Liquor Export Companies \$19,000 in 1935.

Tax on Liquor Export Companies:

A tax on Liquor Export Companies was introduced by an act in 1922 whereby such companies were required to pay a tax of \$15,000 per annum. This rate is still effective.

Stock Transfer Tax

The stamp tax on the transfer of securities of corporations became effective in 1911.¹

It provided for the imposition of a tax of two cents payable by the transferor in money or stamps for every \$100 or fraction thereof of the par value upon every change of ownership consequent upon the sale or assignment of shares or debentures other than the first delivery of such shares or debentures.

In 1920 the tax on transfers of stock was raised from 2 cents to 3 cents on every \$100, revenue accordingly increasing from \$34,000 in 1919 to \$46,000 in 1920 and to \$50,000 in 1921.

This rate prevailed until 1933 when the tax on transfers or assignments of stock was implemented and rates extended. At the present date as provided by the Corporation Tax Act 1937 C. 29, S. 14 rates are as follows.

(a) three cents for every \$100 or fraction thereof of the par value of a bond, debenture, or debenture stock.

(b) five cents for every share of stock sold at a price over \$150 per share.

¹—See Statutes 1 George V, C. 5—1911

- (c) four cents for every share of stock at a price over \$75 but not over \$150.
- (d) three cents for every share of stock at a price over \$50 but not over \$75.
- (e) two cents for every share of stock at a price over \$25 but not over \$50.
- (f) one cent for every share of stock at a price over \$5 but not over \$25.
- (g) One-quarter of one cent for every share of stock at a price over \$1 but not over \$5.
- (h) One-tenth of 1 per centum for every share of stock at a price less than \$1.00.
- (i) three cents for every \$1.00 or fraction thereof of every syndicate unit, mineral deed and oil royalty.

Exemptions—

- (a) Bonds of the Dominion of Canada or of any province of Canada.
- (b) the transfer of the allotment of shares of any Association, Company or Corporation.
- (c) the allotment of Company shares in order to effect an issue thereof and the first issue of a bond, and debenture or share of debenture stock.

Revenue from this source increased from \$86,000 in 1925 to \$620,000 in 1929, declined to \$149,000 in 1932 and in 1937 was \$1,421,000.

Tax on Race Tracks

The tax on Race Track Meetings was authorized in 1911 by an amendment to the Supplementary Revenue Act.¹ On every incorporated association or company operating a race track there was imposed a tax of \$200 for each day of the meeting: provided that the duration of the meeting was not less than five days or more than seven days in any period of fourteen consecutive days. Where the meeting was to continue for no more than four days in a period of not more than ten consecutive days and where the number of races shall not exceed one in each day, \$10 per day.

In 1914² the levy on racing associations was raised to \$500 for each day of such meeting, provided that the meeting was held for not less than five days or more than seven in fourteen consecutive days.

In 1916 the tax on race meetings was increased to \$1,250 per day of

¹—Statutes 1 George V., C. 5, 1911

²—Statutes 4 George V., C. 11, 1914

racing but by reason of the Dominion Government's prohibition of race track meetings effective July 1st, 1917 and extended to cover 1918 and 1919 this source of revenue thereafter was not available to the Province. In 1920 the ban was lifted and a tax of \$7,500 per day for tracks over one-half mile in length and \$2,500 per day for those not exceeding one-half mile in length was imposed.

In 1922 an additional tax of 5 per cent on bets or stakes was imposed on associations or companies conducting a race meeting.

The effect of these higher rates was manifest in the expansion in revenue, increasing from \$17,000 in 1913 to \$42,000 in 1914; from \$42,000 in 1915 to \$136,000 in 1916; and to \$770,000 in 1920.

In 1925 all race tracks were subjected to a tax of \$7,500 per day; provided that where the track previously operated was not over one-half mile in length, and the amount wagered at any seven day meeting was less than \$1,100,000, the Treasurer might pay a rebate amounting to \$2,500 per day.

In 1927 the tax was again amended and the tax became \$5,000 per day but the Lieutenant-Governor-in-Council had authority to increase the tax at any time to \$10,000 per day. In addition, every holder of a winning ticket issued under the pari-mutual system was compelled to pay a tax of 5% upon the amount which would be payable to him if no percentage were deducted or retained by the Association.

The act directed that the tax be collected by the Club or Association and the amount paid over to the Provincial Treasurer at the close of each day's racing.

These rates were effective in 1937.

The tax on race track meetings has been a considerable source of revenue, increasing from \$17,000 in 1913 to a peak of \$2,982,000 in 1922 and then declining. In 1929 receipts were \$1,880,000 but with the onset of the 1930-35 depression receipts fell off. The year 1937 shows a partial recovery to \$670,000. No revenue is shown for the fiscal period (5 months—October 31st to March 31st) owing to the change in the date of the fiscal year, racing not having occurred during this period.

Mining Taxes

Profits Tax:

In 1907 legislation was introduced to impose a tax on the profits of mines. The Act¹ directed that a tax of 3 percent should be levied on the excess of annual profits of every mine in the Province above the sum of \$10,000. Where the person liable to this tax was subject to a municipal income tax in respect to the income derived from the mine he was entitled to deduct the amount subject to certain limitations.

During the Great War the production of nickel proved very profitable to the companies so engaged and in 1917 a Royal Commission was appointed for the purpose of enquiring into the question of the taxation of nickel mines. Following the report of the Commission it was enacted that in the case of nickel or nickel-copper mines a tax should be imposed of 5% on the excess of annual profits of such mine above \$10,000 and up to \$5,000,000; 6% on the excess of annual profits above \$5,000,000 up to \$10,000,000; 7% on the excess of annual profits above \$10,000,000 up to \$15,000,000 and so on by like progression.

These tax increases were substantially responsible for the expansion in receipts from \$697,000 in 1916 to \$1,031,000 in 1917.

In 1924 the Mining Profits Tax Act was amended and the above rates were declared applicable to the excess annual profits of all mines.

Under the terms of the 1937 Act it is provided that every mine in Ontario the annual profits of which exceed \$10,000 shall be liable to pay an annual tax as follows:

3% on the excess of annual profits above \$10,000 and up to \$1,000,000

5% on the excess annual profits above \$1,000,000 up to \$5,000,000.

6% on the excess annual profits above \$5,000,000.

In 1918 receipts were \$818,000; in 1928, \$366,000 and in 1937, \$1,561,000. Of these receipts the tax on gold mines brought in \$88,000, \$246,000 and \$1,038,000 respectively.

Acreage Tax

In 1907 an Act¹ was passed which authorized a tax of 2 cents per acre on mining locations and mining claims in unorganized districts, farming land and a parcel of land less than 10 acres being exempt.

Under the terms of the 1937 Act a tax of 5 cents per acre is imposed.

¹—7 Edward VII, C. 9.

Revenue received from this source amounted to \$11,000 in 1908; \$28,000 in 1918; \$29,000 in 1925; \$29,000 in 1930; \$78,000 in 1937.

Tax on Natural Gas

In 1907 legislation was enacted which authorized a tax to be levied of 2 cents on every 1,000 feet of natural gas pumped or produced from a well; provided "that natural gas used for ordinary domestic purposes by the owner or the occupier of the land on which the well producing the same is situate or used by two or more persons from a well jointly sunk for their own use on land owned by one or more of them shall not be subject to the tax." Subject to a provision that where the amount so produced exceeds \$5 it shall be taxable, this section relating to rates remains substantially in its original form.

Income Tax

Legislation was introduced in 1936 to impose for the first time a provincial income tax. The Provincial Treasurer in his Budget Speech of that year pointed out that 41 cents out of every dollar received by the Treasury was paid out in debt interest and it was necessary if this proportion were not to increase to augment the sources of revenue of the Province. "The policy of this Government," he said "is to pay as we go. It is better to impose a tax that conforms to the sound principle that there must be equality of sacrifice, a tax that bears impartially upon all classes in proportion to their capacity to support the cost of government, a tax that has been accepted in principle by every democratic government in the world wherever the best standards of social justice are recognized."¹

The Act was drafted along the lines of the Dominion Income Tax and an arrangement was made with that Government whereby it would collect the Ontario income tax at the same time as the Dominion. Rates were adjusted on a basis of one-half the Dominion Income Tax schedule. Selected rates applicable to all individuals were as follows:—

On the first \$1,000 of Net Income or any portion thereof in excess of exemption 1½%; 2% upon the amount by which the income exceeds \$1,000 and does not exceed \$2,000; 2½% upon the amount by which income exceeds \$2,000 and does not exceed \$3,000; 3% on the amount by which the income exceeds \$3,000 and not \$4,000; 4% on the amount by which the income exceeds \$4,000 and not \$5,000.

And by like progression until the rate is 11% on the amount by which

¹Hon. Mitchell F. Hepburn—Budget Speech March 13th, 1936, p. 55.

the income exceeds \$19,000 and does not exceed \$20,000.

Thereafter it is:—

11½% upon the amount by which the income exceeds \$20,000 and does not exceed \$25,000. 12% upon the amount by which the income exceeds \$25,000 and does not exceed \$30,000.

And by like progression until rate is 19% upon the amount by which the income exceeds \$95,000 and does not exceed \$100,000.

Thereafter it is:—

19½% upon the amount by which the income exceeds \$100,000 and does not exceed \$110,000. And by like progression until the rate is 21½% upon the amount by which the income exceeds \$140,000 and does not exceed \$150,000.

Thereafter rates rise ½ of 1% for each additional increment of income of \$25,000 so that 28% is imposed upon the amount which exceeds \$500,000.

Exemptions allowed:

1. (a) \$2,000 in the case of married persons; (b) widows or widowers with a dependent son or daughter under 21 years of age, or over in the case of mental or physical infirmity; (c) individuals with dependents of blood relationship who maintain a self-contained domestic establishment; (d) clergymen whose duties require them to maintain at their sole expense a self-contained domestic establishment and employ therein a servant.
2. \$1,000 in the case of all other persons.
3. \$400 for each child or grandchild (except one such child or grandchild on whose account the taxpayer is entitled to exemption under (b) or (c).)
4. Travelling expenses.
5. Any part of the remuneration of a taxpayer retained by his employer in connection with an employee's superannuation or pension fund.
6. Charitable donations as under the Dominion Income War Tax Act.
7. \$4,200 as being income derived from annuity contracts with the Government of Canada or any province subject to certain reservations. Interest paid in respect to succession duty.
8. The tax payable in respect to the Dominion Income Tax.

Where a husband and wife have each a separate income in excess of \$1,000 each shall receive an exemption of \$1,000.

Succession Duty free bonds are also tax exempt.

In the 1937 act it was directed that a taxpayer shall be entitled to deduct from the tax that would otherwise be payable the amount paid to Great Britain or its self-governing colonies for income tax.

Revenue collected in the fiscal year 1937 was \$4,918,652.

Succession Duties

In 1892 authority was granted to the Government to impose a succession duty. Mr. R. Harcourt, Provincial Treasurer at the time announced that it was necessary to augment the sources of revenue if the Province was to continue to finance the rising costs of insane asylums and hospitals. Indeed the preamble to the Succession Duty Act¹ of 1892 clearly indicates the purpose to which the revenue raised in this manner was to be devoted.

The Act states:

"Whereas this Province expends very large sums annually for asylums for the insane and idiots and for institutions for the blind and for deaf mutes, and towards the support of hospitals and other charities, and it is expedient to provide a fund for defraying part of said expenditure by a succession duty on certain estates of persons dying as hereinafter mentioned."

The tax constituted a levy on the net aggregate value of the estate passing at death; and while it provided for differentiation between beneficiaries according to their degree of relationship to the decedent, rates were but mildly progressive and then only as to direct heirs.

Direct Heirs—Where the estate passed in whole or in part to a direct heir (grandparent, father, mother, son, daughter, son-in-law, or daughter-in-law) a tax was imposed of—

2.5% on the amount of the aggregate value of the estate which exceeded \$100,000 but did not exceed \$200,000 and a tax of 5% on the amount in excess of \$200,000.

Collateral Heirs—Where the estate passed to collateral heirs a tax of 5% was levied on the net value of the estate exceeding \$10,000.

Strangers and Distant Relatives—In the case of strangers and distant relatives a tax of 10% was laid on the amount exceeding \$10,000.

Gifts—Gifts to religious and eleemosynary institutions were tax exempt

¹—Statutes of Ontario 1892, 55 Vic., Chap. 6.

and an amount not exceeding \$200 received by any one beneficiary. In its first year of operation receipts amounted to \$45,507.

The First Important Amendment — 1905

The first important amendment was instituted in 1905 when the exemption line pertaining to direct heirs was reduced from \$100,000 to \$50,000 and power was taken to levy an additional tax progressively graduated on the amount of the value of the estate passing to a direct heir which exceeded \$100,000.

Rates Under The 1905 Act¹ were as follows—

Direct Heirs—Where the aggregate value of the property passed to a direct heir a tax of 1% was imposed on the value of the aggregate estate which exceeded \$50,000 but did not exceed \$75,000 and this ranged to 5% on the value of the estate which exceeded \$200,000; provided that where the value of any dutiable property passing to any one direct heir exceeded \$100,000 and not \$200,000 such amount would be subject to an additional tax of 1 percent, increasing at a rate of one-half of 1% until the tax reached 3% on the amount which exceeded \$800,000.

Collateral Heirs—As to collateral heirs, the tax of 5% on the amount of the aggregate value of the estate which exceeded \$10,000 remained unaffected, but an additional tax of 1% was also imposed on the amount of the value of the estate passing to a collateral heir which exceeded \$50,000 but did not exceed \$100,000 and this rate ranged to 5% on the amount that was in excess of \$450,000.

The duty pertaining to strangers amounting to 10% of the aggregate value of the estate in excess of \$10,000 remained unamended.

The effect of these changes were reflected in the increased receipts collected—

in 1905, of \$684,000, and in

1906, \$1,016,000, compared to receipts in

1904 of \$459,000.

The lowering of the exemption line on estates bequeathed to direct heirs was obviously designed to increase the contributions of that class of beneficiaries.

It had been frequently pointed out by the Provincial Treasurer that the bulk of the revenue raised in this manner was secured from bene-

¹—5 Edw. VII Chap. 6, 1905.

ficiaries who were not directly related to the decedent and this amendment was drafted to remedy what appeared to be an anomaly.

In 1909 the range of the tax on the amount of the value of the estate in excess of \$100,000 passing to a direct heir was extended so that 5% was levied on the amount received which exceeded \$1,200,000.

In the year 1914 Mr. Lucas remarked that a comparison of succession duty rates in Ontario with other provinces of the Dominion and with many of the states of the United States showed that rates in Ontario were relatively low and exemptions high, and he announced that it was the intention of the Government to adjust succession duties so as to increase the revenue of the Province.¹

The following increases were authorized under the 1914 Act:

Direct Heirs—

Where the estate passed to a direct heir, rates ranged from—
11½% on the amount of the aggregate value of the estate which exceeded \$50,000, but did not exceed \$75,000—to
10% on the amount which exceeded \$1,000,000.

In addition, where the amount of the dutiable value of the property passing to one person exceeded \$100,000, a tax was imposed of—

1% on the amount which exceeded \$100,000 but did not exceed \$200,000 and this rate ranged to—

5% on the value which exceeded \$1,200,000.

Collateral Heirs—

The rate schedule pertaining to the aggregate value of the estate where the heirs were collateral was progressively graduated for the first time.

Rates ranged from—

5% on the amount of the aggregate value of the estate which exceeded \$10,000 and did not exceed \$50,000, to

12½% on the amount which exceeded \$100,000.

No further changes were made to the rate schedule applicable to the value of dutiable property exceeding \$50,000 transmitted to any one person.

Strangers—

As to strangers, a graduated scale was also introduced providing for

¹—Budget Speech, March 3rd, 1914, p. 15.

rates ranging from 10% on the amount of the aggregate value of the estate which exceeded \$10,000 and did not exceed \$50,000, to 20% on the amount in excess of \$1,000,000.

The effect of these changes is shown in the sharp increase in revenue from this source from \$1,288,000 in 1914, to \$1,721,000 in 1915 and then to \$2,452,000 in 1916.

In 1915 the exemption line for direct beneficiaries was reduced to \$25,000, for collateral heirs and for strangers to \$5,000, rates, however, remaining substantially the same.¹ These Acts also sought to reduce evasion by drafting more specific provisions as to deductions for gifts.

The 1914 Act provided that no duty should be payable in respect to property given more than three years before the death of the donor to a child, son-in-law, daughter-in-law, father, or mother of donor, subject to the condition that the gift did not exceed \$20,000. This was subsequently amended to read: \$20,000 given in the aggregate to persons named in this sub-section. Gifts by the donor during his lifetime to a donee, not exceeding in value \$500, were also duty free.

By an Act in 1916² authority was given to the Provincial Treasurer to appoint Commissioners to enquire into the settlement of estates when there was evidence of evasions. In 1925 power was also given to the Treasurer to demand that succession duty-free bonds be applied on the account payable. Failure of the person liable for duty to comply with requirements of the Act would expose him to a penalty of \$10 per day during the period of the infraction.

In 1918 the levy on strangers was amended and increased on the middle brackets:

Rates were:

6% on the amount of the aggregate value of the estate which exceeded \$5,000 and did not exceed \$10,000.

10% on the amount of the aggregate value of the estate which exceeded \$10,000 and did not exceed \$50,000.

20% over \$200,000.

The Succession Duty Act of 1920³ provided for a general extension of rate schedules, becoming as follows:

Direct Heirs:

Where the aggregate value of the estate exceeded \$25,000, and did not

¹ Geo. V., ch. 7—1915.

²—6 Geo. V., ch. 7—1916.

³—5 Edw. VII, Chap. 6, 1905.

exceed \$50,000, and passed in whole or in part to a direct heir, the tax imposed was 1% and this rate ranged to 10% on the amount which exceeded \$1,000,000.

Where the whole amount passing to a direct heir exceeded \$50,000, and did not exceed \$75,000, a tax of 1½% was imposed, which ranged to 15% on the amount in excess of \$3,000,000.

Collateral Heirs:

Where the aggregate value of dutiable property passing to collateral heirs exceeded \$10,000, but did not exceed \$25,000, a tax of 5% was levied, and this ranged to 17% on the amount in excess of \$1,000,000. On the amount which exceeded \$10,000, but did not exceed \$75,000 passing to one person, a tax of 2½% was imposed, and this ranged to 13% on the amount in excess of \$3,000,000.

Strangers:

The tax on strangers ranged from 7½% on the first \$5,000 of dutiable property (\$5,000 to \$10,000), to 35% on the amount that exceeded \$800,000.

The upward movement of rates in 1920 and 1921 was responsible in part for an increase in receipts from succession duties, rising from \$4,014,000 in 1920, to \$4,825,000 in 1921, and to \$6,528,000 in 1922.

Between 1921 and 1933 succession duty rates remained substantially the same. In 1933 however the schedule was amended and improved by achieving a more even progression of rates between the lower and upper limits of each bracket through interpolation, viz.

Where the aggregate value of the estate passing to direct heirs—

“(a) exceeds \$25,000 and does not exceed \$50,000—1 per centum plus 6/100 of 1 per centum for each full \$1,000 by which the aggregate value exceeds \$25,000.”

“(b) exceeds \$50,000 and does not exceed \$75,000—2½ per centum plus 4/100 of 1 per centum for each full \$1,000 by which the aggregate value exceeds \$50,000” and this ranged up to where a tax of 10% was imposed on the value exceeding \$1,000,000.

In 1934 the Succession Duty Act was substantially revised and many sections of the Act were redrafted with a view to achieving greater clarity and checking evasion. In addition rates were extended on the upper brackets.¹

¹—Statutes 1934, Chap. 55-57.

In 1935 the 10% sur tax imposed in 1933 on all duties levied under the Succession Duty Act was raised to 15%.

Select rates effective in 1937 are as follows:

Direct heirs:

Where the aggregate value (a) exceeds \$25,000 and does not exceed \$50,000—1 per centum plus $\frac{6}{100}$ of 1 per centum for each full \$1,000 by which the aggregate value exceeds \$25,000.

(i) exceeds \$500,000 and does not exceed \$600,000— $7\frac{1}{2}$ per centum plus $\frac{1}{100}$ of 1 per centum for each full \$2,000 by which the aggregate value exceeds \$500,000.

(0) exceeds \$5,000,000—14 per centum.

Where property passes to a direct heir and where the amount—

(a) exceeds \$50,000 and does not exceed \$75,000 $1\frac{1}{2}$ per centum plus $\frac{2}{100}$ of 1 per centum for each full \$1,000 by which the whole amount so passing exceeds \$50,000.

(g) exceeds \$500,000 and not \$600,000—5 per centum plus $\frac{1}{100}$ of 1 per centum for each full \$2,000 by which the amount so passing exceeds \$500,000; where value exceeds \$3,000,000—15 per centum.

Collateral Heirs:

Where aggregate value

(a) exceeds \$10,000 and not \$30,000—5% plus $\frac{10}{100}$ of 1% for each full \$1,000.

(f) exceeds \$400,000 and not \$600,000—14% plus $\frac{1}{100}$ of 1% for each full \$2,000.

(i) exceeds \$1,000,000— $17\frac{1}{4}\%$.

Where the amount—

(a) exceeds \$10,000 and not \$60,000— $2\frac{1}{2}\%$ plus $\frac{1}{100}$ of 1% for each full \$1,000.

(h) exceeds \$500,000 and not \$600,000—6% plus $\frac{1}{100}$ of 1% for each full \$2,000.

(q) exceeds \$3,000,000—13%.

Strangers:

Where aggregate value—

(a) exceeds \$5,000 and not \$10,000— $7\frac{1}{2}\%$ plus 1 per centum for each full \$1,000.

(h) exceeds \$500,000 and not \$600,000— $27\frac{1}{2}\%$ plus $\frac{5}{100}$ of 1% for each \$2,000.

(k) exceeds \$800,000—35%

Plus an additional duty by way of a surtax of 15% on all duties imposed under this act.

Owing mainly to the re-opening of certain estates that had been settled where there was evidence of evasion and fraud receipts from this source increased abruptly between 1934 and 1937, rising from \$6,515,000 to \$15,991,000.

It may be remarked in conclusion that by an Act in 1906 it was provided that one-half of the receipts from succession duties, calculated on a basis of an average of the previous three years should be paid over to the University of Toronto for the maintenance and support of that institution.

In 1914 the Act was amended to read "But that amount shall not exceed \$500,000 in any one year." This Act is still in effect.

Gasoline Tax

The Gasoline Tax Act originally came into effect in the Province of Ontario in 1925 wherein it was directed that a tax be levied on gasoline equal to 3 cents per gallon.

The rate was increased to 5 cents in 1929 and again in 1932 to 6 cents per gallon, this being the prevailing rate (1938).

For the purpose of collection certain manufacturers, jobbers, and wholesalers are under agreement with the Minister of Highways to act as collectors of the tax. These appointed agents collect the tax from the dealers or retail vendors of gasoline and file monthly reports with the Department, together with a remittance for the tax as shown on the statement.

With the sharp increase in motor traffic revenue from this source has expanded rapidly, increasing from \$1,936,800 in 1925 to \$15,761,900 in 1937.

Motor Vehicle Licenses

The first Act in respect to automobiles was passed in 1903 wherein it directed that every resident of the Province who was the owner of a motor vehicle and every non-resident whose motor vehicle was driven in the Province should pay the Provincial Secretary a registration fee of \$2.00 for each vehicle.

In 1903 authority was taken to license paid drivers, the terms to be regulated by the Lieutenant-Governor-in-Council. In 1925 by an amendment to the Highway Traffic Act it was provided that every resident, (other than one holding a chauffeur's license), operating a motor vehicle should be compelled to take out a license. The issue of these permits became effective on July 15th, 1927, the fee being \$1.00.

Authority to regulate the rates of motor licenses was vested in the Lieutenant-Governor-in-Council and the basis of taxation was the horsepower and the number of cylinders. With the growth in the number of automobiles revenue from this source increased rapidly, rising from less than \$1,000 in 1903 to \$24,000 in 1910 to \$1,991,000 in 1920, \$5,550,000 in 1930 to \$10,560,000 in 1937.

From time to time the rates of motor licenses have been regulated by the Lieutenant-Governor-in-Council.

(Source—Ontario Public Accounts)

Fiscal Years	Ordinary Revenue x	Ordinary Expenditure x	Surplus	Deficit
1867 †	\$ 182,899.63	\$ 56,669.97	\$ 126,229.66	\$ — —
1868	2,250,207.74	1,179,269.17	1,070,938.57	— —
1869	2,625,179.29	1,445,751.73	1,179,427.56	— —
1870	2,500,695.70	1,578,976.65	921,719.05	— —
1871	2,333,179.62	1,816,784.11	516,395.51	— —
1872	3,060,747.97	2,217,555.07	843,192.90	— —
1873	2,961,515.31	2,940,803.45	20,711.86	— —
1874	3,446,347.93	3,870,704.14	— —	424,356.21
1875	3,156,605.81	3,604,524.42	— —	447,918.61
1876	2,589,222.83	3,139,505.66	— —	550,282.83
1877	2,502,566.04	3,119,117.73	— —	616,551.69
1878	2,285,178.07	2,902,388.37	— —	617,210.30
1879	2,287,951.39	2,941,714.27	— —	653,762.88
1880	2,584,169.76	2,518,186.60	65,982.96	— —
1881	2,788,746.78	2,579,802.28	208,944.50	— —
1882	2,880,450.40	2,918,826.95	— —	38,376.55
1883	2,439,941.42	2,887,037.73	— —	447,096.31
1884	2,820,555.45	3,207,889.67	— —	387,334.22
1885	3,005,920.71	3,040,139.07	— —	34,218.36
1886	3,148,660.01	3,181,449.69	— —	32,789.68
1887	3,527,577.95	3,454,372.43	73,205.52	— —
1888	3,603,262.14	3,545,234.85	58,027.29	— —
1889	3,538,405.08	3,653,356.37	— —	114,951.29
1890	3,423,154.99	3,896,324.38	— —	473,169.39
1891	4,138,589.09	4,158,459.55	— —	19,870.46
1892	4,662,921.57	4,063,257.39	594,664.18	— —
1893	4,091,914.01	3,907,145.32	184,768.69	— —
1894	3,453,162.69	3,839,338.75	— —	386,176.06
1895	3,585,300.10	3,758,595.44	— —	173,295.34
1896	3,490,671.45	3,703,379.73	— —	212,708.28
1897	4,139,847.68	3,767,675.70	372,171.98	— —
1898	3,647,353.09	3,803,081.38	— —	155,728.29
1899	4,096,494.96	3,710,420.82	386,074.14	— —
1900	4,192,940.18	4,003,729.37	189,210.81	— —
1901	4,466,043.92	4,038,834.49	427,209.43	— —
1902	4,291,082.91	4,345,003.58	— —	53,920.67
1903	5,466,653.13	4,888,982.57	577,670.56	— —
1904	6,128,358.57	5,267,453.02	860,905.55	— —
1905	6,016,176.42	5,396,016.74	620,159.68	— —
1906	7,149,478.39	6,720,179.07	429,299.32	— —
1907	8,320,419.19	7,714,245.61	606,173.58	— —
1908	8,602,902.96	8,557,064.60	45,838.36	— —
1909 ‡	7,477,920.94	7,545,040.47	— —	67,119.53
1910	8,891,004.68	8,887,520.09	3,484.59	— —
1911	9,370,833.90	9,619,934.03	— —	249,100.13
1912	10,042,000.68	10,287,991.59	— —	245,990.91
1913	11,188,302.09	10,868,026.28	320,275.81	— —
1914	11,121,382.07	11,819,310.65	— —	697,928.58
1915	12,975,732.19	12,704,362.16	271,370.03	— —
1916	13,841,339.64	12,706,332.90	1,135,006.74	— —
1917	18,269,597.23	16,518,222.64	1,751,374.59	— —
1918	19,270,123.71	17,460,404.05	1,809,719.66	— —
1919	19,904,772.04	21,464,574.88	— —	1,559,802.84
1920	25,078,094.62	25,880,842.45	— —	802,747.83
1921	29,261,477.39	28,579,687.98	681,789.41	— —
1922	38,507,311.09	37,442,985.83	1,064,325.26	— —
1923	26,166,213.39	41,361,439.92	— —	15,195,226.53
1924	30,569,015.92	39,037,780.43	— —	8,468,764.51
1925	35,852,404.28	40,959,769.27	— —	5,107,364.99
1926	40,984,958.63	41,797,098.94	— —	812,140.31
1927	46,607,638.88	46,248,415.49	359,223.39	— —
1928	48,570,217.10	48,341,980.66	228,236.44	— —
1929	54,012,679.53	51,369,785.85	2,642,893.68	— —
1930	57,343,291.21	57,989,352.69	— —	646,061.48
1931	54,390,092.37	54,846,994.28	— —	456,901.91
1932	54,175,233.01	56,236,031.32	— —	2,060,798.31
1933	xx 51,373,051.98	50,896,626.37	476,425.61	— —
1934	50,067,841.37	80,667,091.15	— —	30,599,249.78
1935 §	21,048,944.06	31,489,616.34	— —	10,440,672.28
1936	65,726,984.57	79,069,690.31	— —	13,342,705.74
1937	80,488,439.95	71,174,501.41	9,313,938.54	— —
1938 (Gross Interim)	97,845,752.00	94,832,050.00	3,013,702.00	— —

† July 1st, 1867 to Dec. 31st, 1867. ‡ Ten months ended Oct. 31st. § Five months ended March 31st.

x Note—Revenue and Expenditure Figures for the years 1867 to 1907 inclusive comprise both Ordinary and Capital Revenue and Expenditure.
Revenue and Expenditure from 1923 shown as Net after applying certain Revenues as a reduction of Expenditure.

xx Subject to certain adjustments, for particulars of which see Page 11 Budget Address delivered

TABLE NO. 2A

FEDERAL AND PROVINCIAL GOVERNMENTS—
SUBSIDIES—

ANNUAL AND SPECIAL TO PROVINCES

(Source—Dominion Public Accounts)
(Source—Dominion Bureau of Statistics)

Province	Population	Subsidy	Per Caput
ONTARIO—	3,431,683	\$	
1934		2,941,424.28	.857
1935		2,941,424.28	.857
1936		2,941,424.28	.857
1937		2,941,424.28	.857
QUEBEC—	2,874,255		
1934		2,592,013.68	.901
1935		2,592,013.68	.901
1936		2,592,013.68	.901
1937		2,592,013.68	.901
NEW BRUNSWICK—	408,219		
1934		1,293,040.16	3.167
1935		1,293,040.16	3.167
1936		1,593,040.16	3.902
1937		1,593,040.16	3.902
NOVA SCOTIA—	512,846		
1934		1,528,047.72	2.979
1935		1,528,047.60	2.979
1936		1,953,047.60	3.808
1937		1,953,047.60	3.808
PRINCE EDWARD ISLAND—	88,038		
1934		506,931.88	5.758
1935		506,931.88	5.758
1936		656,931.88	7.462
1937		656,931.88	7.462
MANITOBA—	700,139		
1934		1,705,339.78	2.436
1935		1,716,484.18	2.452
1936		1,716,484.18	2.452
1937		1,709,753.38	2.442
SASKATCHEWAN—	921,785		
1934		2,128,889.00	2.310
1935		2,144,975.00	2.327
1936		2,144,975.00	2.327
1937		2,132,529.40	2.313
ALBERTA—	731,605		
1934		1,757,317.00	2.402
1935		1,771,475.00	2.421
1936		1,771,475.00	2.421
1937		1,776,071.00	2.428
BRITISH COLUMBIA—	694,263		
1934		874,561.46	1.259
1935		874,561.46	1.259
1936		1,624,561.46	2.339
1937		1,624,561.46	2.339
TOTAL OF ALL PROVINCES—			
1934		15,327,564.96	1.479
1935		15,368,953.24	1.483
1936		16,993,953.24	1.639
1937		16,979,372.84	1.638

TABLE NO. 3

GEOGRAPHICAL DISTRIBUTION OF DOMINION TAX COLLECTIONS 1928-1937
(in millions of dollars)

CUSTOMS (a)	Maritimes	Quebec	Ontario	Prairies	British Columbia	TOTAL (incl. Yukon)
1928-29	\$12.2	\$41.6	\$73.2	\$43.8	\$16.3	\$187.2
1929-30	12.2	41.1	71.1	38.9	16.0	179.4
1930-31	9.4	31.0	52.4	26.4	11.9	131.2
1931-32	7.8	25.3	42.7	19.0	9.3	104.1
1932-33	5.1	17.0	28.8	13.1	6.0	70.1
1933-34	4.9	15.7	27.5	12.4	5.8	66.3
1934-35	5.7	17.6	32.2	14.2	6.7	76.6
1935-36	5.6	16.8	30.8	14.0	6.8	74.0
1936-37	6.3	18.9	34.8	15.8	7.9	83.8
EXCISE (a)						
1928-29	4.1	14.1	24.9	14.9	5.5	63.7
1929-30	4.4	14.9	25.7	14.1	5.8	65.0
1930-31	4.2	13.6	23.0	11.6	5.3	57.7
1931-32	3.6	11.8	19.9	8.9	4.3	48.7
1932-33	2.8	9.2	15.6	7.1	3.2	37.8
1933-34	2.6	8.4	14.7	6.6	3.1	35.5
1934-35	3.2	9.9	18.2	8.0	3.8	43.2
1935-36	3.3	10.1	18.5	8.4	4.1	44.4
1936-37	3.4	10.4	19.1	8.7	4.3	46.0
EXCISE TAXES (a)						
1928-29	5.4	18.4	32.5	19.4	7.2	83.0
1929-30	4.3	14.5	25.1	13.8	5.6	63.4
1930-31	2.5	8.2	13.9	7.0	3.2	34.7
1931-32	4.4	14.5	24.4	10.8	5.3	59.6
1932-33	6.0	20.0	33.8	15.4	7.0	82.2
1933-34	7.8	25.3	44.2	19.9	9.3	106.6
1934-35	8.3	25.8	47.2	20.9	9.9	112.2
1935-36	8.5	25.6	46.9	21.3	10.4	112.7
1936-37	11.4	34.5	63.3	28.8	14.3	152.5
GOLD TAX (b)						
1934-35	—	0.5	2.5	0.2	0.4	3.6
1935-36	—	0.2	1.0	0.1	0.1	1.4
INCOME TAX (c)						
1928-29	1.2	19.8	28.7	5.6	4.1	59.4
1929-30	1.3	23.3	33.1	6.7	4.5	69.0
1930-31	1.3	23.1	34.7	6.8	5.1	71.0
1931-32	1.4	20.7	30.3	4.5	4.4	61.3
1932-33	1.6	21.5	30.7	3.9	4.1	62.1
1933-34	1.7	20.2	31.5	3.7	3.9	61.4
1934-35	1.9	20.5	35.9	3.5	4.5	66.8
1935-36	2.4	25.2	45.1	4.1	5.5	82.7
1936-37	2.8	30.0	57.3	5.1	7.0	102.4
ALL OTHER REVENUE (d)						
1928-29	2.0	7.7	12.4	7.8	2.5	32.5
1929-30	1.9	8.3	13.1	5.2	2.6	31.2
1930-31	1.6	6.7	10.7	3.5	2.1	24.6
1931-32	1.5	6.4	10.1	3.9	1.8	23.8
1932-33	1.5	6.4	10.1	4.3	1.7	23.5
1933-34	1.5	6.0	10.1	4.0	1.8	23.4
1934-35	1.6	6.4	10.8	4.3	1.9	25.0
1935-36	1.6	6.2	10.7	4.0	1.9	24.4
1936-37	1.7	6.6	11.4	4.3	2.1	26.2
TOTAL REVENUE						
1928-29	24.9	101.7	171.6	91.5	35.7	424.9
1929-30	24.1	102.1	168.1	78.8	34.5	408.1
1930-31	19.0	82.6	134.6	55.3	27.6	319.4
1931-32	18.9	78.7	127.5	47.0	25.1	297.5
1932-33	17.0	74.0	118.9	43.7	22.0	275.7
1933-34	18.4	75.5	128.1	46.6	23.8	293.2
1934-35	20.6	80.7	147.0	51.1	27.2	327.2
1935-36	21.4	84.1	152.9	51.9	28.8	339.7
1936-37	25.8	100.4	185.9	62.7	35.7	410.8
PERCENTAGES						
1928-29	5.7%	23.9%	40.4%	21.5%	8.4%	100.0%
1929-30	5.9	25.0	41.2	19.3	8.5	100.0
1930-31	6.0	25.9	42.1	17.3	8.6	100.0
1931-32	6.3	26.5	42.8	15.8	8.5	100.0
1932-33	6.2	26.8	43.1	15.8	8.0	100.0
1933-34	6.3	25.9	43.7	15.8	8.2	100.0
1934-35	6.3	24.8	44.9	15.6	8.3	100.0
1935-36	6.3	24.8	45.0	15.3	8.5	100.0
1936-37	6.2	24.4	45.3	15.3	8.7	100.0

- (a) Distributed in proportion to the recorded value of retail sales.
 (b) Distributed in proportion to the value of gold production.
 (c) Actual collections as recorded by Income Tax Branch.
 (d) Distributed in proportion to the recorded net value of production.

DOMINION GOVERNMENT—
INCOME TAXES

TABLE NO. 4

AMOUNTS COLLECTED BY PROVINCES FROM—INDIVIDUALS, CORPORATIONS, SPECIAL 5% TAX ON INTEREST AND DIVIDENDS

(Source—Dominion Bureau of Statistics)

	Year	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Not Allocated	Grand Total
Total Collected	1932	\$ 10,290	\$ 833,836	\$330,882	\$20,671,626	\$30,268,706	\$2,232,510	\$103,181	\$1,451,418	\$1,101,853	\$10,459	\$ 5,569	\$61,231,100
	1933	84,800	889,319	592,411	21,452,067	30,081,332	2,134,393	233,512	1,408,126	4,082,526	11,002	332,029	62,066,697
	1934	128,931	910,802	658,192	20,153,389	31,546,914	1,931,908	371,234	1,320,424	3,872,370	26,504	418,448	61,299,172
	1935	329,667	987,893	570,492	20,483,135	35,935,202	1,922,323	296,856	1,268,740	4,526,264	16,673	476,792	66,808,066
	1936	426,893	1,206,181	811,186	25,265,467	45,059,358	2,204,595	327,843	1,399,511	5,512,408	17,860	338,211	82,793,863
Percentage of Dominion Total	1932	% .06	% 1.36	% .86	% 33.75	% 49.42	% 3.61	% .66	% 2.03	% 1.19	% .02	% .01	% 100.00
	1933	.14	1.43	.95	34.37	49.43	3.44	.54	2.27	6.58	.02	.63	100.00
	1934	.21	1.48	1.07	32.82	51.40	3.13	.60	2.26	6.31	.04	.98	100.00
	1935	.49	1.44	.85	30.66	53.79	2.88	.41	1.91	6.78	.03	.70	100.00
	1936	.82	1.46	.58	30.47	54.48	2.67	.40	1.93	6.66	.02	.41	100.00
Amount per Caput	1932	\$.46	\$1.61	\$1.29	\$7.10	\$ 8.17	\$3.15	\$.43	\$2.51	\$6.26	\$2.59	\$—	Average \$5.83
	1933	.95	1.70	1.41	7.22	8.61	3.01	.37	1.88	6.73	2.77	—	5.81
	1934	1.45	1.73	1.55	6.68	8.69	2.70	.40	1.84	5.34	6.63	—	5.67
	1935	3.70	1.82	1.33	6.69	9.78	2.70	.32	1.70	6.16	4.17	—	6.11
	1936	4.64	2.25	1.86	8.14	12.21	3.10	.35	2.07	7.55	4.46	—	7.50
Variation—Per Caput													
Above and below Average													
Amount	Average												
	55.83—1932	\$5.37	\$4.22	\$1.51	\$1.47	\$2.88	\$2.68	\$5.10	\$4.42	\$ 1.1	\$1.21		
	5.81—1933	4.86	4.11	1.10	1.11	2.80	2.00	5.14	4.93	.08	3.04		
	5.67—1934	4.22	3.94	1.12	1.01	3.02	2.97	3.27	3.81	.13	.96		
	6.11—1935	2.41	4.29	1.78	.68	3.47	3.41	5.79	4.41	.05	1.94		
	7.50—1936	2.86	5.25	5.61	.61	4.71	4.40	7.15	5.43	.15	3.91		
Percentage	1932	%92.11	%72.98	%77.87	%21.78	%49.40	%45.97	%4.62	%36.83	% 7.18	%25.57		
	1933	83.65	70.74	75.73	24.27	48.19	45.19	9.61	67.61	1.38	22.32		
	1934	74.43	69.49	72.66	17.81	53.26	52.38	9.95	67.53	5.82	16.91		
	1935	39.44	70.21	78.23	9.49	60.07	55.81	9.76	72.18	8.2	41.73		
	1936	38.13	70.60	75.20	8.63	62.80	58.67	95.31	72.10	2.00	40.54		

DOMINION GOVERNMENT—
INCOME TAXES—

TABLE NO. 5

AMOUNTS COLLECTED BY PROVINCES FROM INDIVIDUALS

(Source—Dominion Bureau of Statistics)

		Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Yukon	Not Allocated	Grand Total
Total Collected	1932	\$26,509	\$160,802	\$313,312	\$5,735,717	\$11,575,632	\$1,025,787	\$255,187	\$832,471	\$1,596,570	\$ 7,306	\$ 573	\$21,772,846
	1933	25,190	448,065	343,719	9,621,960	11,774,141	1,016,341	222,132	640,071	1,657,389	16,382	991,692	25,959,464
	1934	25,505	624,300	471,320	9,912,171	14,089,902	1,053,698	263,253	605,273	1,758,845	19,800	395,679	27,183,715
	1935	34,268	510,531	663,470	8,309,591	12,067,946	884,207	203,404	557,357	1,874,414	15,631	449,572	26,291,392
	1936	31,350	637,618	517,625	10,878,483	16,768,017	1,036,565	213,546	601,640	2,033,279	15,762	309,437	32,953,232
Percentage of Dominion Total	1932	% .12	% 1.62	% 1.27	% 35.26	% 48.73	% 1.11	% 1.07	% 3.34	% 6.11	% .03	% .00	% 100.00
	1933	.10	1.73	1.32	36.68	43.36	3.92	.85	2.11	6.38	.04	1.51	100.00
	1934	.09	1.80	1.61	33.96	48.28	3.61	.99	2.28	6.03	.07	1.57	100.00
	1935	.14	2.03	1.44	32.97	47.55	3.51	.80	2.21	7.11	.06	1.73	100.00
	1936	.10	1.93	1.57	32.98	50.66	3.11	.65	1.82	6.16	.05	.91	100.00
Amount per capita	1932	\$.33	\$.77	\$.76	\$ 3.00	\$ 3.33	\$ 1.45	\$.27	\$ 1.12	\$ 2.27	\$ 1.81	—	Average \$ 2.36
	1933	.34	.66	.82	3.21	3.20	1.12	.24	.77	2.41	2.60	—	2.43
	1934	.29	1.00	1.11	3.28	3.88	1.18	.28	.88	2.17	4.95	—	3.70
	1935	.29	.97	.85	2.71	3.27	1.21	.29	.71	2.55	3.91	—	2.50
	1936	.34	1.19	1.19	3.51	4.53	1.16	.27	.78	2.71	3.91	—	2.91
Variation—Per Caput	Average												
Above or	62.36—1932	\$ 2.03	\$ 1.59	\$ 1.60	\$.64	\$.97	\$.91	\$ 2.99	\$ 1.24	\$.99	\$.53		
below the Average	2.43—1933	2.15	1.57	1.61	.78	.87	1.00	2.19	1.70	.10	.17		
	2.70—1934	2.41	1.70	1.59	.68	1.18	2.42	1.82	1.32	.27	2.25		
	2.30—1935	1.91	1.33	1.45	.41	.97	1.06	2.08	1.57	.23	1.81		
	2.90—1936	2.65	1.80	1.80	.52	1.54	1.53	2.76	2.21	.28	.75		
Percentage	1932	% 86.01	% 67.37	% 67.80	% 27.12	% 41.10	% 33.56	% 32.54	% 3.81	% 32.46			
	1933	88.18	64.67	66.26	32.10	35.80	41.15	90.12	69.96	4.12	7.00		
	1934	89.26	62.96	58.89	21.48	43.70	45.19	89.63	67.41	10.00	83.33		
	1935	83.84	57.83	63.04	17.53	42.17	46.09	90.43	68.26	10.87	70.00		
	1936	88.53	60.20	60.20	17.39	51.51	51.17	92.31	73.91	9.37	51.77		

DOMINION GOVERNMENT—
INCOME TAXES—

TABLE NO. 6

AMOUNTS COLLECTED BY PROVINCES FROM CORPORATIONS

(Source—Dominion Bureau of Statistics)

	Year	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Yukon	Not Allocated	Grand Total
Total Collected	1932	\$11,121	\$123,034	\$217,540	\$11,935,309	\$15,692,674	\$1,296,562	\$118,284	\$1,021,377	\$2,407,283	\$3,953	\$5,007	\$96,481,554
	1933	53,670	441,284	248,698	11,930,107	13,907,191	1,118,052	110,381	859,055	2,425,136	710	937	36,107,241
	1934	66,208	344,875	164,874	8,750,570	14,523,601	799,023	99,720	678,115	1,903,303	8,664	18,849	27,168,821
	1935	108,542	405,315	200,738	10,759,944	20,096,336	965,321	86,811	702,637	2,413,154	1,622	30,219	35,730,220
	1936	260,817	496,131	284,715	12,794,120	23,448,239	1,102,827	106,201	946,249	3,049,710	2,088	28,871	42,518,971
Percentage of Dominion Total	1932	0.01	0.18	0.36	12.71	15.21	1.30	0.12	1.02	2.41	0.00	0.01	100.00
	1933	0.02	0.22	0.27	12.71	15.21	1.30	0.12	1.02	2.41	0.00	0.01	100.00
	1934	0.03	0.25	0.28	11.93	14.52	0.80	0.08	0.68	1.90	0.01	0.02	100.00
	1935	0.03	0.18	0.20	10.76	20.10	0.97	0.09	0.70	2.41	0.00	0.03	100.00
	1936	0.61	1.17	0.70	10.91	23.45	1.10	0.10	0.95	3.05	0.00	0.03	100.00
Amount per Caput	1932	\$.13	\$.83	\$.53	\$ 4.10	\$ 5.38	\$ 1.70	\$.16	\$ 1.38	\$ 3.99	\$.76	—	Average \$ 3.47
	1933	.67	.85	.59	4.02	5.31	1.57	.12	1.15	3.41	.18	—	3.38
	1934	1.06	.66	.39	2.90	4.60	1.12	.11	.90	2.63	1.67	—	2.53
	1935	1.22	.77	.47	3.51	5.47	1.30	.09	1.21	4.07	.52	—	3.27
	1936	2.83	.92	.65	11.5	6.35	1.37	1.1	1.21	4.07	.52	—	3.86
Variation—Per Caput													
Above or below	Average												
average amount—	\$3.47—1932	\$ 3.34	\$2.64	\$2.94	\$.63	\$1.91	\$1.77	\$3.31	\$2.09	\$.52	\$2.71		\$ 3.47
	3.38—1933	2.71	2.53	2.79	.64	1.93	1.81	3.26	2.24	.10	.86		3.26
	2.53—1934	1.45	1.87	2.14	.37	1.47	1.41	2.42	1.54	.10	.86		2.53
	3.27—1935	2.05	2.50	2.80	.24	2.20	1.88	3.18	2.33	.01	3.01		3.01
	3.86—1936	1.03	2.94	3.21	.27	2.43	2.31	3.75	2.61	.21	3.34		3.34
Percentage	1932	96.25	76.08	81.73	18.16	55.01	83.39	83.39	83.39	11.09	78.10		83.39
	1933	80.18	71.85	82.51	18.33	57.10	83.39	83.39	83.39	8.9	94.87		83.39
	1934	57.31	73.91	81.58	14.62	53.74	83.39	83.39	83.39	61.13	93.99		83.39
	1935	62.69	76.45	85.63	7.34	67.28	83.39	83.39	83.39	71.87	93.99		83.39
	1936	26.68	76.17	83.16	6.99	64.51	83.39	83.39	83.39	68.39	93.99		83.39

DOMINION GOVERNMENT—
INCOME TAXES—

TABLE NO. 7

AMOUNTS COLLECTED BY PROVINCES OF A SPECIAL 5% TAX ON INTEREST AND DIVIDENDS

(Source—Dominion Bureau of Statistics)

	Year	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Grand Total
Total Collected	1934	\$ 7,218	\$41,627	\$21,898	\$1,490,640	\$2,923,351	\$69,287	\$8,311	\$47,036	\$210,227	\$ 32	\$4,829,633
	1935	186,857	42,047	8,284	1,413,800	3,830,020	52,705	6,590	38,546	238,086	—	5,816,436
	1936	134,726	72,733	8,836	1,632,884	4,903,162	65,203	8,096	62,622	429,419	—	7,207,601
Percentage of Dominion Total	1934	% .15	% .86	% .45	% 30.37	% 60.74	% 1.44	% .17	% .57	% 4.35	—	% 100.00
	1935	3.21	.72	.11	24.31	65.86	.91	.11	.67	4.10	—	100.00
	1936	1.87	1.01	.12	21.27	68.93	.90	.11	.73	6.96	—	100.00
Amount per Caput	1934	\$.08	\$.08	\$.05	\$.49	\$.81	\$.10	\$.01	\$.06	\$.29	—	Average \$.45
	1935	2.10	.08	.02	.46	1.04	.07	.01	.06	.32	—	.53
	1936	1.46	.13	.02	.50	1.33	.09	.01	.07	.57	—	.65
Variation—Per Caput												
Above or below Average												
Average—Amount \$.45—1934		\$.37	\$.37	\$.40	\$.04	\$.36	\$.35	\$.44	\$.39	\$.16		
.53—1935		1.57	.45	.51	.07	.51	.46	.52	.48	.21		
.65—1936		.81	.52	.63	.15	.63	.56	.64	.58	.08		
Percentage	1934	% 82.22	% 82.22	% 88.88	% 8.83	% 80.00	% 77.77	% 87.77	% 86.66	% 33.53		
	1935	296.23	84.91	96.23	12.12	96.23	86.79	98.11	90.57	39.62		
	1936	124.62	80.00	96.92	25.08	104.62	86.15	98.46	89.23	12.31		

THE ONTARIO PROVINCIAL AND LOCAL TAX SYSTEM
As of March 31, 1938

TABLE NO. 8

Legal Citation	Title of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return, or information is due	Date Tax is due
						Assessment	Levy	Collection	Provincial	Local			
Corporations Tax Act, R.S.O. 1937, Ch. 29.	Corporations Tax	A	Privilege of doing business in Ontario Life Insurance Cos.	Premium In- come in Ontario	1½%	Controller of Provincial Revenue	Permanent by Provincial Legislature	Provincial Treasurer	All	None		May 1	July 1
		A	Other Insur- ance Cos.	Premium In- come in Ontario	½/3% with addi- tional 1% depending on place of incor- poration				All	None		May 1	July 1
		A	Gas and Electric Cos.	Capital and net revenue in Ontario	1/10 of 1% on paid- up capital, ½ of 1% on net revenue				All	None		May 1	July 1
		A	Loan Cos.	Capital funds invested in Ontario and deposits	1/20 of 1% on capi- tal and funds invest- ed in Ontario. De- posits—\$25. on each \$100,000 up to \$1, 000,000; \$15. on each \$100,000 up to \$2, 000,000; 35 each ad- ditional \$100,000.				All	None		May 1	July 1
		A	Finance Cos. dealing in sec- ond mortgages and lien notes.	Capital; Office	1/10 of 1% of paid- up capital; \$500 for principal office in Ontario				All	None		May 1	July 1
		A	Trust Cos.	Capital; Gross income on business trans- acted in Ontario	¾ of 1% on capital up to \$100,000; \$100 on every additional \$100,000. 1% on gross income				All	None	Fiscal year of Company end- ing on or be- fore 31st day of December next preceding the year for which tax is imposed	May 1	July 1
		A	Banks	Capital; reserve and undivided pro- fits; offices	1/5 of 1% on capi- tal; 1/10 of 1% on reserve and undiv- ided profits; \$3,000 for principal office; \$200 for each branch of- fice in Ontario				All	None		May 1	July 1
		A	Railways	Track mileage in Ontario	From \$10 to \$85 per mile according to total mileage, single or double track, whether in organiz- ed municipalities or unorganized territory				80%	20%		May 1	July 1

THE ONTARIO PROVINCIAL AND LOCAL TAX SYSTEM—(Continued)

TABLE NO. 8—Continued

Legal Citation	Title of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return or information is due	Date Tax is due
						Assessment	Levy	Collection	Province	Local			
Corporations Tax Act R.S.O. 1937 Ch. 29.	Corporations Tax	A	Express Cos.	Mileage in Ontario	\$800 for each hand- red miles of railway over which company operates. Maximum tax \$10,000	Controller of Provincial Revenue	Permanent by Provincial Legislature	Provincial Treasurer	All	None		May 1	July 1
		A	Telegraph Cos.	Money invest- ed in Ontario	1%				All	None		May 1	July 1
		A	Telephone Cos.	Capital used in Ontario	3/8 of 1%				All	None		May 1	July 1
		A	Car Cos., dining, sleep- ing and parlor cars	Money invest- ed in cars used in Ontario	1%				All	None		May 1	July 1
		A	All other in- corporated cos. not already taxed under Act	Capital plus reserve	1/10 of 1% on capi- tal and surplus; and \$50 on each place of business; and 1% of net revenue				All	None		May 1	July 1
		S	Transfer or assignment of bonds, shares or debenture stock	Face value of stock	Bonds 3c per \$100; stocks from 1/10 of 1c to 5c per share based on selling value				All	None	Date of sale or transfer	May 1	Date of sale or transfer
		S	Race Tracks	Daily Tax; amount wager- ed through pari-mutuel machine	Running races, \$500 per day; 5% of amount wagered				All	None	Date races are held	None	Dates races are held
Ontario Income Tax Act, 1936; amended 1937.	Income Tax	A	Annual net profit or gain received from any office or employment	Person; per- sonal corpora- tion	1% % on first \$1,000, up to 28% in excess of \$500,000	Dominion Dep't of National Revenue		Dominion Commissioner of Income Tax	All	None	Calendar year	April 30	April 30
Land Transfer Tax Act, R.S.O. 1937, Ch. 31	Land Transfer Tax	S	Registration of deeds; Transferring Land	Purchase price	1/6 of 1%	By affidavit attached to deed		Controller of Provincial Revenue; Registry Office	All	None	Date of sale	Date of registration	Date deed registered
Succession Duty Act, R.S.O. 1937, Ch. 26;	Succession or inheritance tax	S	Transfer of property by will or inte- state law and gifts inter vivos	Value of prop- erty and de- gree of relationship	1% to 35% depend- ing upon total value of estate value pass- ing to each beneficiary	Controller of Provincial Revenue		Controller of Provincial Revenue	All	None	Date of death	3 months from date of death	6 months from date of death
Fire Marshal Act, R.S.O. 1937, Ch. 329	Fire Marshal Tax	A	All Fire Insurance Cos.	Gross premi- ums in Onta- rio less re-in- surance received	Amount necessary to cover expenses of Fire Marshal's office; Not more than 1/8 of 1%	Fire Marshal		Treasury Dep't	All	None	Fiscal year ending before Dec. 31 pre- ceding year	May 1	July 1

TABLE NO. 8—Continued

(a) 1 THE ONTARIO PROVINCIAL AND LOCAL TAX SYSTEM—(Continued)

Legal Ontario Act	Title of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return or information is due	Date Tax is due
						Assessment	Levy	Collection	Province	Local			
Fire Marshal Act, R.S.O. 1937, Ch. 329	Unlicensed tax on insurance claims	S	Persons sustaining or claiming a loss by fire insured in a company not licensed	Gross amount of loss claimed	1%	Fire Marshal	Permitted by Provincial Legislature	Fire Marshal	All	None	(See last column)	See last column	Not later than 60 days from filing claim
Provincial Land Tax Act, R.S.O. 1937, Ch. 30.	Real Property Tax	A	Land in territory without municipal organization	Value of land	1% — but where school taxes are payable, $\frac{1}{2}$ of 1%; Minimum \$2.00	1% on ex. pt. to be added by Department		Dep't of Land and Forests	All	None	Sept. 1, every 1st year (1933) (1936)	Sept. 1, every 1st year	Feb. 1, for subsequent years
Mining Tax Act, R.S.O. 1937, Ch. 32	Mining Tax	A	Output of Mines	Annual profits	Over \$10,000 up to \$1,000,000, 3%; over \$1,000,000 to \$5,000,000, 5%; on excess above \$5,000,000, 6%	Dep't of Mines		Dep't of Mines	All	None	Preceding calendar year	March 1	Oct. 1
		A	Mining Lands	Acreage occupied when over 10 acres	5c per acre	Dep't of Mines		Dep't of Mines	All	50% if school section has been formed	Reports made by local authority	April 30	Oct. 1
		A	Production of natural gas	Volume of gas produced	2c per 1000 feet; 1½c per 1000 if consumed in Canada				All	None	June 30, to Dec. 31	Aug. 1	Oct. 1
Public Vehicles Act, R.S.O. 1937, Ch. 289	Motor Bus Tax	A & S	Privilege of operating motor buses beyond limits of one municipality	Passenger-mile, in addition to license under Highway Traffic Act	1/20 of 1c per passenger-mile on provincial highways; 1/30 of 1c on other highways	Dep't of Highways	Permitted by Provincial Legislature	Dep't of Highways	All	None	Preceding month	Special chartered or extra trips, day following date of trips. Schedules must be filed before commencing operations	15th of every month
Gasoline Tax Act, Ontario R.S.O. 1937, Ch. 32	Gasoline Sales	S	Use of Highways by motor vehicles	Sale of motor fuel within province	6c per gallon	Dep't of Highways		Dep't of Highways	All	None	Preceding month		28th of every month
Act of October 1, 1937 Assessment Act, R.S.O. 1937, Ch. 272.	Real Property	A	Land and Improvements Income of Mines	Actual value	Fixed locally to balance budget and levied equally on all assessments.	Local Assessor subject to appeal	Council of municipality	Local collector who pays Treasurer	None	All	Date of assessment	Date of completion of assessment roll varies	Varies
	Business	A	Space occupied for business	Varying percentage of actual value	Exceptions: mines, fixed assessments						Either past or current year		Varies
	Income	A	Income of corporations only	Income during year last past							Year last past	Date of assessment	Varies

(a) 1 THE ONTARIO PROVINCIAL AND LOCAL TAX SYSTEM—(Continued)

TABLE NO. 8—Continued

Leg. Citation	Type of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return or information is due	Date Tax is due
						Assessment	Levy	Collection	Province	Local			
Loan & Trust Corporations Act R.S.O. 1937, Ch. 257	Certificate of registry	A	Privilege of exercising its corporate franchise or doing business in Ontario	Assets of corporation	\$35 to \$300	Insurance Dep't	Permanent by Provincial Legislature	Insurance Dep't	All	None	Dec. 31 preceding year	July 1	July 1
Statute Labour Act, R.S.O. 1937, Ch. 274	Poll Tax	A	Male persons between 21 & 60 years of age not else- where or otherwise taxed for same or larger amount	Person	From \$1. to \$10. per person	Local Assessor	Council of municipality	Local collector who pays Treasurer	None	All	Date of assessment	None	Varies
	Statute Labour	A	Persons as- sessed upon assessment roll of a town- ship, unless tax abolished or commuted by local by-law	Assessed value of land and buildings	Scale based on com- mutations of days' labour	Local Assessor	Council	Collector	None	All	Date of assessment	Varies	Varies
(As of Oct. 1 '37) Dog Tax and Live Stock Protection Act, R.S.O. 1937, Ch. 335.	Dog Tax	A	Persons who own dogs or bitches	Number of dogs and bitches	Fixed locally, mini- mum scale starting at \$2. for one dog	Local Assessor	Council of municipality	Local Collector who pays Treasurer	None	All	Date of Assessment	None	Varies
Local Improvement Act, R.S.O. 1937, Ch. 269.	Local Improvement	A	Special public work benefit- ing particular area	Cost of work as apportioned among owners of abutting lands	Rate per foot of frontage	Officers of municipality as directed by council	Council	Collector	None	All	Varies	None	Varies
Theatres and Cinematographs Act, R.S.O. 1937, Ch. 319.	Licenses— Theatres, Pub- lic Halls, Pro- jectionists, Film Ex- changes, Cen- sorship fees	A	Supervision and control	Fiat rate	Theatres 10c to 25c per seat, Public Halls, \$3. to \$10 per population. Pro- jectionists original \$10. renewal, \$5. Film ex- changes \$100. Cen- sorship fees \$3 to \$6 Per 1000 ft. reel of film	Controller of Provincial Revenue	Permanent by Provincial Legislature	Provincial Treasurer	All	None	Year ending May 31st		June 1
Travelling Shows Act, R.S.O. 1937, Ch. 298.	Licenses Circuses and Travelling Shows	S	Privilege of doing business	Fiat rate	\$10 to \$150 per day, Canadian companies, ½ fee				All	None	Date of application	Date of application	Previous to operating in Ontario
Lightning Rod Act, R.S.O. 1937, Ch. 331.	Licenses— Lightning Rod manufactur- ers; Lightning Rod agents	A	To cover cost of inspection and supervision	Fiat rate and business done in Ontario	Manufacturer \$50. plus 80c. on every \$100 received during preceding year; Agents \$3	Fire Marshal	Permanent by Provincial Legislature	Fire Marshal	All	None	Preceding year	Dec. 31	Jan. 1

(a) 1 THE ONTARIO PROVINCIAL AND LOCAL TAX SYSTEM—(Continued)

TABLE NO. 8—Continued

Legal Citation	Title of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return or information is due	Date Tax is due
						Assessment	Levy	Collection	Province	Local			
Highway Traffic Act, R.S.O. 1937, Ch. 288.	Registration of motor vehicles	A	Ownership and operation of motor vehicles	Automobiles— number of cylinders and horse-power; Trucks— weight and carriage capacity	Automobiles—\$2 to \$35; Trucks—\$7.50 to \$281; Busses— \$7.50 to \$202.50; Cycle—\$1.	Dep't of Highways	Permanent by Provincial Legislature	Dep't of Highways	All	None	Calendar Year	Date of application	Jan 1
	Licenses of operators and chauffeurs, and garages	A	Right to operate vehicles or garages	Flat rate	Operators, \$1; Chauffeurs, original, \$2; renewal, \$1; Garages—\$5 to \$10	Dep't of Highways		Dep't of Highways	All	None	Calendar Year	Date of application	Jan. 1
The Commercial Vehicle Act, R.S.O. 1937, Ch. 290.	Licenses— Public Commercial Vehicles	A	Privilege of carrying on business of transporting goods for hire between two or more municipalities	Flat rate in addition to license under Highway Traffic Act	\$1.—\$112.50	Dep't of Highways	Permanent by Provincial Legislature	Dep't of Highways	All	None	Calendar Year	Date of application	April 1
Insurance Act, R.S.O. 1937, Ch. 266, Schedule A.	License payable by Insurance Companies	A	Privilege of doing business in Ontario	Class of insurer	\$10 to \$300	Insurance Dep't		Insurance Dep't	All	None	Date of application	July 1	July 1, or prior to commencing business
	Insurance Undervriters Agencies	A	Privilege of doing business in Ontario	Flat rate	\$100	Insurance Dep't		Insurance Dep't	All	None	Date of application	Sept. 30	Sept. 30
	Insurance Agents	A	Privilege of doing business in Ontario	Life—Flat rate Other than Life—Population of municipality	\$5 \$5 to \$25	Insurance Dep't		Insurance Dep't	All	None	Date of application	Sept. 30	Sept. 30
	Brokers	A	Privilege of doing business in Ontario	Life—Flat rate	\$25	Insurance Dep't		Insurance Dep't	All	None	Date of application	Sept. 30	Sept. 30
	Adjusters	A	Privilege of doing business in Ontario	Flat rate	\$10	Insurance Dep't		Insurance Dep't	All	None	Date of application	June 30	June 30
Loan and Trust Cor- porations Act, R.S.O. 1937, Ch. 257.	Corporation, Organization	S	Organization of Loan or Trust corpora- tion or amend- ing charter	Authorized capital or increase in capital	Organization \$200 to \$350; amending charter, \$50	Insurance Dep't		Insurance Dep't	All	None	Date of application	Prior to incorporation.	Date of incorporation, or increase of stock
Municipal Act, R.S.O. 1937, Ch. 266.	Licenses	A	Privilege of doing business	Class of business or occupation	Varies	Council of municipality	Council	Treasurer or Collector	None	All	Varies	None	Varies

Local Citation	Title of Tax	Payment A—Annual S—Single	Basis of Tax	Measure of Tax	Rate of Tax	Administration of Tax			Disposition		Day of taxable status or year of report on which tax is computed	Date return or information is due	Date Tax is due
						Assessment	Levy	Collection	Province	Local			
Mining Act, R.S.O. 1937, Ch. 47.	Miners' licenses, permits and recording fees	S	Privilege of prospecting, Registration of Claim	Flat rate	\$5 to \$100 Schedule A	Mines Dept.	Permanent by Provincial Legislature	Mines Dept.	All	None	Licenses expire March 31	Feb. 1	When issued
Game and Fisheries Act, R.S.O. 1937, Ch. 353.	Licenses— Hunting Fishing	A	Privilege of hunting or fishing; dealing in and storage of game and fish	Flat rate	Hunting \$1 to \$41; Fishing \$5.50 to \$8; Dealers \$2 to \$10; Storage \$2 to \$5; Tourist Outfitter, \$10 to \$25	Dep't of Game and Fish		Dep't of Game and Fish	All	None	Date of application	Date of application	Date of application
Securities Act R.S.O. 1937, Ch. 265	Licenses— Brokers, Security Salesmen	A	Supervision and control	Flat rate	Brokers \$100; Salesmen \$10; Registration of companies \$25 Registration of security issuers \$100	Dep't of Attorney General; Ontario Securities Commission		Dep't of Attorney General; Ontario Securities Commission	All	None	Year ending April 30	None	April 30
Operating Engineers Act—1937, Statutes of Ontario, 1937, Ch. 55.	License, Fee— Operating Engineers and firemen	A	Supervision	Flat rate	Original \$3 to \$10; Renewal \$1 per year	Dep't of Labour		Dep't of Labour	All	None	Calendar year	On demand	Jan. 1
Private Detectives Act, R.S.O. 1937, Ch. 245.	Licenses— Private Detectives	A	Registration	Flat rate	\$300.	Dep't of Attorney-General; Commissioner Provincial Police		Dep't of Attorney-General; Commissioner Provincial Police	All	None	.....	.....	Date of application and every year from said date
Companies Act, R.S.O. 1937, Ch. 261.	Corporation Organization	S	Privilege of forming a corporation or increasing capital stock of corporation already formed	Authorized capital stock	Various fees as fixed by order-in-council based on proposed capital	Provincial Secretary		Provincial Secretary	All	None	Date of incorporation or increase of capital	Prior to incorporation	Date of incorporation or increase of capital
Extra-Provincial Corporations Act, R.S.O. 1937, Ch. 252.	Foreign corporation licenses	S	Privilege of exercising its franchise in Ontario	Capital Stock employed in province authorized by license	Various fees as fixed by order-in-council	Provincial Secretary		Provincial Secretary	All	None	Date of commencing business in Ontario	Prior to commencing business in Ontario	Date of commencing business in Ontario
Mortmain Act, R.S.O. 1937, Ch. 147.	Licenses for corporations to hold land	S	Privilege of corporations holding land	Value of land	Various rates, minimum fee—\$50	Provincial Secretary		Provincial Secretary	All	None	Date of application	Previous to securing license	Date of application for license
Liquor Control Act, R.S.O. 1937, Ch. 294.	Permits to purchase liquor	A	Supervision and control	Flat rate	Resident \$2. for a year; non-resident, \$2. for a period not exceeding 1 month from date of issue. Since Aug. 1/34 for single purchase 25c. (Since July 24, 1934 no permit has been required to purchase wine or beer)	Liquor Control Board		Liquor Control Board	All	None	Fiscal year ending March 31	.....	Date of application

7. REVENUE—
(b) PRINCIPAL TAXES

TABLE NO. 9

2—(a) CORPORATION TAX
(Source—Ontario Treasury Department)

Year	Railways	Banks	Insurance	Loan	Trust	Telegraph	Telephone	Gas and Electric	Express	Car Companies	Street Railways	Finance Companies	Total Particular Taxes	Stock Transfer	Race Meetings	Incorporated Companies Paid up Capital	Companies Place of Business	Net Revenue	GRAND TOTAL
1899	\$ 32,044	\$ 38,930	\$ 89,435	\$28,990	\$ 3,160	\$1,512	\$ 4,115	\$ 10,270	\$ 2,725	\$ 583	\$ 7,063	\$ —	\$ 217,057	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1900	33,095	41,532	86,625	26,007	3,985	1,242	5,012	17,843	6,481	959	7,088	—	229,769	—	—	—	—	—	—
1901	33,269	43,749	94,067	26,665	4,310	1,243	5,312	16,047	4,400	878	7,134	—	237,603	—	—	—	—	—	—
1902	33,592	45,032	101,544	26,491	4,885	1,292	5,375	14,215	4,400	1,124	7,022	—	245,973	—	—	—	—	—	—
1903	34,842	49,184	108,319	26,689	5,210	1,292	5,375	8,419	4,400	1,142	7,175	—	253,547	—	—	—	—	—	—
1904	187,918	52,743	116,234	26,767	5,155	1,292	5,125	12,637	4,400	1,185	7,108	—	420,624	—	—	—	—	—	—
1905	191,990	56,734	131,599	25,241	5,935	1,292	5,062	12,957	4,925	1,798	7,553	—	445,686	—	—	—	—	—	—
1906	376,364	60,504	138,390	25,197	6,770	1,317	6,361	13,277	5,325	1,748	8,944	—	644,197	—	—	—	—	—	—
1907	396,587	69,616	144,462	24,597	7,770	1,292	7,643	9,600	5,325	1,920	9,615	—	672,237	—	—	—	—	—	—
1908	400,962	69,395	162,990	24,216	7,905	1,292	8,005	11,098	6,575	2,940	11,122	—	696,479	—	—	—	—	—	—
1909	416,936	70,127	153,030	24,889	7,935	1,292	10,312	11,235	6,500	1,838	10,052	—	719,146	—	—	—	—	—	—
1910	431,043	74,017	165,667	24,682	7,945	1,292	10,677	12,342	6,500	1,924	10,255	—	752,334	—	—	—	—	—	—
1911	453,345	73,748	182,892	23,695	9,335	1,292	11,371	12,339	11,000	1,966	11,071	—	825,077	13,768	15,790	—	—	—	854,655
1912	448,516	76,525	190,117	26,898	10,235	1,292	11,584	13,620	18,000	2,268	12,833	—	841,887	38,851	17,250	—	—	—	896,928
1913	463,246	76,245	210,736	23,836	11,495	1,292	13,998	13,832	15,500	2,227	17,148	—	878,155	42,239	17,200	—	—	—	937,594
1914	640,772	195,018	234,923	52,645	25,886	2,014	32,527	31,612	62,400	3,317	37,570	—	1,318,584	42,250	—	—	—	—	1,386,304
1915	716,146	199,750	254,984	58,648	26,741	2,014	32,437	72,925	66,700	3,640	32,154	—	1,764,539	24,416	42,350	—	—	—	1,831,305
1916	731,392	198,571	418,348	57,226	27,541	2,011	32,326	80,135	65,600	3,786	31,148	—	1,867,091	37,430	156,265	—	—	—	1,931,386
1917	689,199	195,613	443,639	56,512	27,008	2,011	32,476	80,322	65,600	3,901	33,678	—	1,831,959	38,600	100,723	—	—	—	1,971,282
1918	764,344	194,673	501,608	57,436	28,131	1,928	32,551	78,795	65,600	3,421	32,025	—	1,765,413	18,107	160	—	—	—	1,773,680
1919	639,471	186,657	563,041	52,652	31,467	1,929	32,426	72,588	65,600	2,717	25,598	—	1,674,146	33,783	100	—	—	—	1,708,029
1920	869,269	415,421	554,020	55,362	37,061	1,929	39,884	68,114	65,600	2,942	21,516	—	2,131,117	46,169	770,419	—	—	—	2,947,696
1921	643,464	382,615	673,095	56,517	37,571	1,936	40,649	74,959	63,000	8,757	19,771	—	2,203,971	50,261	770,419	—	—	—	3,024,675
1922	413,557	345,383	722,842	54,289	40,501	1,930	45,913	81,899	65,000	8,680	10,997	—	2,508,581	76,071	2,382,130	—	—	—	5,067,382
1923	359,954	566,502	758,126	54,267	42,327	1,931	55,023	64,764	103,064	8,983	19,418	—	2,928,489	75,808	2,492,738	—	—	—	4,504,038
1924	1,085,815	523,594	813,269	56,031	46,576	1,930	65,863	71,139	38,400	11,369	10,818	—	2,727,815	62,881	2,642,548	—	—	—	5,432,244
1925	720,596	524,544	860,256	61,117	46,534	1,261	77,479	71,388	36,400	12,077	10,142	—	2,420,791	85,175	2,702,497	—	—	—	5,203,573
1926	579,141	530,567	904,910	60,059	48,737	1,321	79,614	73,443	36,400	13,043	13,006	—	2,339,012	135,316	2,197,569	—	—	—	4,671,897
1927	533,664	514,606	965,926	63,815	56,297	2,404	81,987	134,884	82,000	13,629	7,110	—	2,478,614	223,096	2,161,967	—	—	—	4,863,667
1928	531,200	534,451	1,068,587	66,413	66,454	1,263	86,592	132,974	82,000	14,371	7,256	—	2,591,900	339,117	1,862,121	—	—	—	4,793,128
1929	535,465	639,398	1,170,859	64,634	69,612	1,263	98,895	131,092	82,000	14,974	5,901	—	2,713,663	620,314	1,879,648	—	—	—	5,213,645
1930	530,022	505,011	1,271,059	66,456	84,158	1,293	105,614	140,064	80,000	17,124	3,247	—	2,911,793	267,001	1,666,593	—	—	—	4,845,359
1931	576,603	607,552	1,267,741	65,290	84,919	1,708	118,478	163,761	36,400	17,645	890	—	3,022,262	146,831	1,317,513	1,480,932	—	—	5,076,549
1932	577,862	731,059	1,586,400	80,717	88,545	2,310	183,276	218,501	53,223	15,027	6,079	—	3,397,410	148,590	1,029,321	1,405,586	555,125	800,821	7,913,556
1933	563,934	719,876	1,568,719	70,079	83,543	2,310	183,955	173,511	26,400	11,913	2,949	—	3,731,674	504,046	813,026	1,418,614	485,807	613,771	7,566,938
1934	574,233	681,520	1,777,345	72,987	82,385	2,581	186,349	149,373	24,800	10,347	3,057	—	3,385,926	704,904	564,911	1,238,502	484,314	697,618	7,076,175
1935 (s)	30	—	—	—	—	—	—	19,619	—	—	—	—	21,580	242,184	—	116,222	—	—	372,286
1936	537,230	681,743	1,804,183	73,323	88,441	2,581	189,336	200,370	21,800	9,888	—	—	3,618,843	756,988	632,963	1,614,940	579,557	1,178,915	8,161,205
1937	710,652	727,988	1,823,612	73,847	86,314	2,464	194,451	260,511	24,800	1,902	—	—	3,920,101	1,420,595	670,303	2,120,336	601,161	2,416,235	11,141,121

(s) 5 months fiscal year.

TABLE. NO 10

MINING

(Source—Ontario Department of Mines)

Year	Profit Tax	Acreage Tax	Gold Tax (Included in Column 1)
..(1907	\$ 66,741.68	\$ 5,727.88	\$ not separated
..(1908	65,922.48	11,340.77	" "
..(1909	78,327.58	10,777.55	" "
..(1910	111,546.17	16,411.05	" "
..(1911	131,577.75	13,862.52	" "
..(1912	200,275.25	14,439.72	" "
..(1913	206,212.77	11,550.40	" "
*(1914	204,669.86	9,839.14	" "
..(1915	135,326.54	12,020.83	" "
..(1916	696,746.67	12,080.91	61,566.91
..(1917	1,031,403.71	23,925.42	75,215.51
..(1918	817,983.45	28,006.52	87,580.87
..(1919	512,556.59	28,861.23	59,257.78
..(1920	710,409.78	73,400.45	78,593.64
..(1921	183,821.80	27,963.19	95,094.93
..(1922	160,994.41	30,462.52	127,494.78
..(1923	253,126.18	34,832.39	210,546.08
1924	195,711.41	29,087.06	117,146.39
1925	283,495.06	29,360.58	215,030.84
1926	410,936.94	32,700.19	282,388.73
1927	346,028.19	40,663.55	237,133.29
1928	366,094.45	63,886.41	245,551.58
1929	391,897.49	29,634.63	187,569.13
1930	502,535.38	28,659.96	210,117.26
1931	481,300.69	22,156.16	322,682.32
1932	515,153.59	20,618.07	471,402.85
1933	679,731.07	30,691.70	664,506.48
1934	1,073,824.46	35,446.84	897,993.01
1935 (5 months).....	Nil	10,725.56	Nil
1936	1,400,656.14	42,554.20	1,050,000.00
1937	1,563,680.99	78,231.24	1,038,493.72
1938	1,801,499.81	49,386.34	1,001,351.32

* Royalties paid by silver mines—1907 to 1923 Royalties amounted to \$3,126,593.31.

TABLE. NO 11

PERSONAL INCOME TAX
(Source—Ontario Treasury Department)

<u>Fiscal Year</u>		
1936-37	Gross	\$4,918,651.79
	Paid to Municipalities	2,277,461.20
	Net	\$2,641,190.59
1937-38	Gross Interim	5,950,000.00

TABLE. NO 12

SUCCESSION DUTY

<u>Fiscal Year</u>		
December 31,	1892	\$ 758.53
"	1893	45,507.42
"	1894	150,754.04
"	1895	298,824.99
"	1896	165,383.40
"	1897	228,818.46
"	1898	206,185.59
"	1899	152,363.95
"	1900	228,360.24
"	1901	376,661.86
"	1902	287,384.28
"	1903	388,447.13
"	1904	460,227.42
"	1905	688,178.36
"	1906	1,025,963.24
"	1907	861,824.13
October 31,	1908	1,157,965.76
"	1909	687,154.25
"	1910	758,446.46
"	1911	1,050,633.36
"	1912	873,577.39
"	1913	1,145,144.87
"	1914	1,287,633.36
"	1915	1,721,167.84
"	1916	2,451,794.00
"	1917	3,228,226.38
"	1918	3,157,566.88
"	1919	3,526,592.39
"	1920	4,014,468.31
"	1921	4,821,811.03
"	1922	6,528,245.21
"	1923	3,858,260.58
"	1924	4,175,197.75
"	1925	5,786,893.22
"	1926	8,809,569.21
"	1927	9,505,974.77
"	1928	1,714,077.21
"	1929	6,610,381.81
"	1930	11,229,438.83
"	1931	9,504,814.04
"	1932	6,136,624.02
"	1933	8,081,322.11
"	1934	6,515,071.02
Nov. 1/34 to Mar. 31/35—(5 months)		3,470,138.98
March 31, 1936		11,984,703.04
" 1937		15,991,350.80
" 1938 Interim		19,400,000.00

* Including Revenue of re-opened Estates.

TABLE. NO 13

GASOLINE TAXES

Fiscal Year	Net	Total
1924-25	\$ 1,936,767.25	
1925-26	3,376,090.56	
1926-27	4,032,941.72	
1927-28	4,607,379.75	
1928-29	8,497,593.94	
1929-30	10,756,835.83	
1930-31	10,950,645.39	
1931-32	12,341,237.78	
1932-33	12,629,056.88	
1933-34	12,961,343.55	
1934-35 (5 months fiscal year)	4,789,718.72	
1935-36	15,021,993.70	
1936-37	15,761,876.97	
1937-38	17,614,164.47	

NET GALLONAGE GASOLINE

As Basis for Taxation

Fiscal Year	Net
1924-25	66,335,643
1925-26	115,372,835
1926-27	139,495,701
1927-28	159,058,850
1928-29	200,671,000
1929-30	216,548,789
1930-31	224,428,426
1931-32	225,927,346
1932-33	214,391,866
1933-34	219,732,687
1934-35 (5 months fiscal year)	81,226,385
1935-36	245,363,063
1936-37	270,269,405
1937-38	284,801,514 (11 months)

TABLE NO. 14
REVENUE
FROM MOTOR VEHICLE LICENSES

Fiscal Years 1903-1938	
1903-1904	\$ 1,282.00
1904-1905	3,096.65
1905-1906	5,523.15
1906-1907	8,098.50
1907-1908	10,007.75
1908-1909	12,418.75
1909-1910	24,394.01
1910-1911	50,831.22
1911-1912	73,255.96
1912-1913	105,558.95
1913-1914	149,210.45
1914-1915	334,759.78
1915-1916	639,987.09
1916-1917	930,753.00
1917-1918	1,214,093.87
1918-1919	1,580,105.61
1919-1920	1,990,833.38
1920-1921	2,945,360.36
1921-1922	3,477,430.13
1922-1923	4,296,009.32
1923-1924	4,785,235.13
1924-1925	5,638,993.38
1925-1926	6,415,713.05
1926-1927	5,964,863.63
1927-1928	6,470,151.79
1928-1929	7,848,448.58
1929-1930	5,547,254.58
1930-1931	5,610,442.80
1931-1932	7,376,672.73
1932-1933	7,421,159.84
1933-1934	8,049,714.00
1934-1935 (5 months)	6,138,807.12
1935-1936	9,144,264.77
1936-1937	10,916,491.08
1937-1938	8,767,689.24

Note: 1903-1934 Fiscal Year Nov. 1st, to Oct. 31st.
1934-1935 " " (5 months) Nov. 1st,
to March 31st.
1935-1938 " " Apr. 1st to Mar. 31st.

SUMMARY OF COST OF EDUCATION TO PROVINCE AND MUNICIPALITIES

TABLE NO. 15

(excluding Agriculture)
(Source—Ontario Department of Education)

PROVINCIAL GOVERNMENT EXPENDITURE

Year	Public and Separate Schools	% Total	High Schools	% Total	Vocational Education	% Total	Universities	% Total	Teachers Training	% Total	Departmental Exam- inations	% Total	Other Miscel- laneous	% Total	Provincial Total
1875	\$ 274,311	54.5	\$ 86,999	17.3	\$ —	—	\$ —	—	\$ 30,065	6.0	\$ —	—	\$ 111,636	22.2	\$ 693,311
1880	282,592	56.0	90,261	17.9	—	—	—	—	56,026	11.1	9,375	1.9	66,511	13.2	806,104
1885	296,301	53.3	86,420	16.2	—	—	—	—	46,075	8.6	11,091	2.1	93,777	17.6	533,564
1890	316,823	50.6	105,000	16.8	—	—	—	—	55,458	8.9	15,277	2.4	133,584	21.3	626,142
1895	334,927	48.3	105,000	15.2	—	—	—	—	64,868	9.4	26,681	3.9	161,566	23.3	693,042
1900	327,342	43.2	106,397	14.0	—	—	—	—	71,275	9.4	30,703	4.0	222,749	29.4	756,460
1905	402,597	35.6	118,560	10.5	—	—	—	—	99,210	8.8	31,749	2.8	211,878	18.7	1,131,790
1910-11	1,062,491	54.0	167,414	9.0	79,121	4.3	43,072	2.3	262,156	14.1	66,689	3.6	234,796	12.7	1,855,739
1915-16	926,738	40.8	154,945	6.8	113,259	5.0	215,761	10.8	372,400	16.1	103,998	4.6	353,175	15.6	2,270,265
1920-21	3,397,143	43.5	204,409	2.6	707,223	9.1	1,413,086	18.1	450,003	5.8	190,827	2.5	1,438,859	18.4	7,807,550
1921-22	3,779,621	33.5	283,308	2.7	945,653	8.9	3,506,155	32.9	799,072	6.9	343,386	3.2	1,052,333	9.9	10,649,328
1922-23	4,000,397	39.8	319,408	3.2	839,355	8.4	2,795,750	27.8	810,000	8.1	293,266	2.6	1,011,161	10.1	10,039,327
1923-24	4,123,821	42.8	364,678	3.8	840,645	8.7	2,185,758	22.7	758,132	7.9	256,215	2.7	1,110,703	11.5	9,644,922
1924-25	4,010,637	42.5	377,374	4.0	836,072	8.9	2,406,947	25.5	917,639	9.7	285,240	3.0	598,511	6.3	9,431,720
1925-26	3,862,232	41.4	378,627	4.1	815,694	8.7	2,263,570	24.2	964,407	10.2	287,883	3.1	776,197	8.3	9,333,010
1926-27	4,038,330	42.0	471,351	4.9	847,196	8.8	2,238,560	23.3	922,860	9.5	319,806	3.3	777,556	8.1	9,615,727
1927-28	4,248,707	42.6	474,342	4.7	954,686	9.4	2,471,560	24.2	997,966	8.9	325,987	3.2	718,727	7.0	10,201,514
1928-29	4,389,755	42.1	437,834	4.2	968,196	9.3	2,344,747	22.5	800,959	8.3	350,295	3.4	1,079,614	10.4	10,431,403
1929-30	4,896,317	41.6	475,792	4.0	1,534,936	13.0	2,622,395	22.3	668,492	7.4	371,948	3.2	1,003,508	8.5	11,773,688
1930-31	5,379,932	41.8	499,398	3.9	1,584,508	12.3	3,611,788	28.1	837,780	6.5	275,953	2.1	672,813	5.2	12,802,172
1931-32	5,914,508	37.5	468,902	3.5	1,309,780	11.3	3,961,216	25.6	1,006,266	7.6	115,729	1.1	1,256,710	9.4	13,384,577
1932-33	4,341,761	42.7	421,676	4.1	1,465,922	14.4	2,493,905	24.5	718,747	7.1	100,696	1.0	632,539	6.2	10,174,329
1933-34	4,341,091	38.1	459,400	4.0	1,855,232	16.3	2,768,483	19.9	861,330	7.6	168,292	1.5	1,440,515	12.6	11,394,299
1934-35	3,677,05(x)	—	21,163	—	725,206	—	1,610,061	—	488,774	—	33,420	—	183,413	—	3,429,762
1935-36	3,905,742	39.4	438,118	4.4	1,268,627	12.7	2,083,767	21.0	760,445	7.7	272,097	2.7	1,182,124	11.9	9,901,220
1936-37	4,051,130	40.3	499,428	5.0	1,203,948	12.0	2,127,003	21.1	746,546	7.4	281,145	2.8	1,165,091	11.5	10,067,588

(x)—5 months period 1935 not comparable.

TABLE NO. 16

1. SUMMARY OF COST OF EDUCATION TO PROVINCE AND MUNICIPALITIES

(Source—Ontario Department of Education)
(Excluding Agriculture)

Year	MUNICIPAL EXPENDITURES						MUNICIPAL AND PROVINCIAL—TOTAL EXPENDITURES					
	Public and Separate Schools	Total	High Schools Collegiate Institutes	Total	Vocational Schools	Total	Total Municipal Expenditures	Grand Total	Total Provincial Expenditures	Grand Total	Grand Total	%
187	\$ 2,808,883	91.9	\$ 245,014	8.0	\$ —	—	\$ 3,053,897	\$ 3,053,897	85.8	\$ 503,311	14.1	\$ 3,557,208—100.0
1880	2,667,583	89.1	323,069	10.8	—	—	2,991,251	2,991,251	85.5	506,104	14.4	3,496,355—
1885	3,221,029	90.3	343,341	9.6	—	—	3,564,370	3,564,370	86.9	533,564	13.0	4,097,934—
1890	3,376,850	88.3	522,208	11.6	—	—	4,501,061	4,501,061	87.7	626,132	12.2	5,127,203—
1895	3,861,265	86.2	615,594	13.7	—	—	4,476,849	4,476,849	86.5	693,042	13.4	5,169,891—
1900	4,259,741	87.4	612,204	12.5	—	—	4,871,945	4,871,945	86.5	768,466	13.4	5,639,411—
1905	5,758,239	86.6	885,936	13.3	—	—	6,644,177	6,644,177	85.4	1,131,799	14.5	7,775,976—
1910	8,219,611	85.0	1,468,752	14.9	—	—	9,800,363	9,800,363	84.0	1,855,739	15.9	11,655,102—
1915	13,219,728	83.2	2,316,029	14.7	—	—	15,656,767	15,656,767	87.3	2,270,266	12.6	17,927,033—
1920	22,292,151	81.0	3,584,524	12.7	836,884	3.1	26,613,562	26,613,562	77.2	7,807,650	22.7	34,321,412—
1921	26,584,646	81.0	4,506,902	11.0	914,328	2.8	32,005,876	32,005,876	75.0	10,649,328	24.9	42,655,204—
1922	38,801,918	79.4	6,423,167	17.7	1,022,250	2.8	36,257,944	36,257,944	78.3	10,039,327	21.6	46,296,271—
1923	33,631,017	76.5	6,843,411	16.1	3,116,492	7.2	42,700,420	42,700,420	81.5	9,611,222	18.4	52,315,312—
1924	30,675,712	75.6	7,441,727	18.6	2,269,848	5.7	39,807,287	39,807,287	80.8	9,161,729	19.1	48,234,077—
1925	31,538,110	75.8	7,510,879	18.0	2,549,741	6.1	41,599,060	41,599,060	81.6	9,334,610	18.3	50,332,670—
1926	31,539,367	77.3	6,646,812	16.1	2,652,182	6.4	41,338,361	41,338,361	81.0	9,615,727	18.9	50,754,088—
1927	31,572,167	74.8	8,325,749	19.4	2,894,199	6.6	42,792,429	42,792,429	80.7	10,201,611	19.2	52,344,019—
1928	32,110,378	73.2	9,050,763	20.3	2,827,309	6.3	44,298,456	44,298,456	80.9	10,411,400	19.0	54,729,856—
1929	32,135,629	76.6	7,019,877	16.1	3,156,149	7.2	43,101,715	43,101,715	78.4	11,773,688	21.4	54,265,403—
1930	40,819,314	72.6	7,676,190	18.2	3,788,950	9.0	41,744,451	41,744,451	76.1	12,462,172	23.5	54,096,626—
1931	30,145,832	70.6	8,021,178	18.8	4,180,628	10.5	42,617,638	42,617,638	80.2	10,174,328	19.7	52,344,019—
1932	28,922,303	70.0	7,880,429	19.0	4,509,911	10.9	41,312,637	41,312,637	76.8	11,394,299	24.1	49,223,262—
1933	26,288,216	69.4	7,495,700	19.6	4,105,147	10.8	37,829,063	37,829,063	79.2	9,901,220	20.7	47,810,118—
1934	26,846,522	69.7	7,330,372	19.4	4,306,076	11.1	38,483,379	38,483,379	79.2	10,067,588	20.7	48,521,111—
1935	26,319,221	69.3	7,562,531	19.0	4,197,446	11.0	37,909,198	37,909,198	79.2	10,067,588	20.7	48,521,111—
1936	26,150,891	68.7	7,755,126	20.1	4,253,509	11.0	38,463,526	38,463,526	79.2	10,067,588	20.7	48,521,111—

(1935) 5 months period 1935 not comparable.

TABLE NO. 13

I. SUMMARY OF COST OF EDUCATION TO PROVINCES AND MUNICIPALITIES

(Excluding Agriculture)

(Source—Ontario Department of Education)

COST—PER CAPUT

Cost—Yearly Per Pupil of Average Attendance

Year	Population	Total Municipal Expenditures	Amount Per Caput	Total Provincial Expenditures	Amount Per Caput	Total Municipal and Provincial	Amount Per Caput	Public Schools	Continuation Schools	R.C. Separate Schools	High Schools	Vocational Schools
1875	1,746,000	\$ 3,053,897	\$ 1.749	\$ 593,311	\$.238	\$ 3,557,208	\$ 2.037	\$18.07	—	\$ 7.70	\$ 39.40	\$ —
1880	1,834,000	2,991,251	1.779	505,104	.267	3,496,355	1.846	12.82	—	—	12.06	—
1885	2,005,000	3,564,370	1.778	533,564	.266	4,097,934	2.041	14.06	—	—	52.36	—
1890	2,093,000	4,501,061	2.151	620,142	.299	5,121,203	2.450	15.20	—	15.74	62.90	—
1895	2,133,000	4,740,849	2.209	625,042	.295	5,365,891	2.504	13.21	—	23.31	48.16	—
1900	2,172,000	4,871,945	2.243	758,466	.349	5,630,411	2.592	14.781	—	13.89	55.46	—
1905	2,282,000	6,004,177	2.603	1,131,799	.494	7,776,976	3.397	21.580	—	19.89	57.18	—
1910-11	2,482,000	6,868,363	2.962	1,855,739	.748	11,065,102	4.510	32.90	—	30.36	80.23	—
1915-16	2,724,000	15,966,767	5.746	2,270,466	.832	17,927,033	6.578	45.34	72.72	25.64	—	—
1920-21	2,665,000	26,513,832	9.951	7,807,550	2.727	34,321,382	11.938	50.72	91.50	30.42	—	210.31
1925-26	2,594,000	32,825,876	10.990	10,649,325	3.629	42,475,201	14.668	61.97	87.55	37.91	108.91	216.50
1928-29	2,980,000	36,257,544	12.167	10,039,327	3.369	46,296,871	15.533	64.65	98.90	50.44	121.15	201.23
1929-30	3,013,000	40,720,420	14.172	9,644,282	3.200	50,364,702	17.873	68.92	94.78	64.55	135.81	212.94
1931-32	3,069,000	40,907,287	13.321	9,491,813	3.108	50,399,100	16.696	69.29	94.78	64.55	135.81	212.94
1932-33	3,111,000	41,388,361	13.302	9,335,610	3.000	50,723,970	16.372	68.92	94.78	64.55	135.81	212.94
1933-34	3,111,000	41,388,361	13.302	9,335,610	3.000	50,723,970	16.372	68.92	94.78	64.55	135.81	212.94
1934-35	3,111,000	41,388,361	13.302	9,335,610	3.000	50,723,970	16.372	68.92	94.78	64.55	135.81	212.94
1935-36	3,111,000	41,388,361	13.302	9,335,610	3.000	50,723,970	16.372	68.92	94.78	64.55	135.81	212.94
1936-37	3,111,000	41,388,361	13.302	9,335,610	3.000	50,723,970	16.372	68.92	94.78	64.55	135.81	212.94
1937-38	3,219,000	42,732,429	13.275	10,201,614	3.169	52,934,043	16.469	70.71	126.85	89.20	144.65	174.54
1938-39	3,278,000	43,984,156	13.514	10,451,460	3.182	54,435,616	16.676	72.91	122.87	90.25	142.78	177.09
1939-40	3,334,000	45,491,715	13.645	11,773,688	3.531	55,265,403	16.576	74.07	117.90	96.25	145.20	180.56
1940-41	3,386,000	44,744,454	13.229	12,862,172	3.799	54,606,626	16.127	73.81	111.99	95.49	137.36	186.52
1941-42	3,432,000	42,647,538	12.426	13,364,577	3.891	56,012,115	16.317	71.85	104.15	42.51	113.32	185.03
1942-43	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1943-44	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1944-45	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1945-46	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1946-47	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1947-48	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1948-49	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1949-50	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1950-51	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1951-52	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1952-53	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1953-54	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1954-55	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1955-56	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1956-57	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1957-58	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1958-59	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1959-60	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1960-61	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1961-62	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1962-63	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1963-64	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1964-65	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1965-66	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1966-67	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1967-68	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1968-69	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1969-70	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1970-71	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1971-72	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1972-73	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1973-74	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1974-75	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1975-76	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1976-77	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1977-78	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1978-79	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1979-80	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1980-81	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1981-82	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1982-83	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1983-84	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1984-85	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1985-86	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1986-87	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1987-88	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1988-89	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1989-90	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1990-91	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1991-92	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1992-93	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1993-94	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1994-95	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1995-96	3,475,000	41,312,637	11.888	10,174,828	2.930	51,487,465	14.816	68.11	99.39	38.20	121.55	183.89
1996-97	3,475,000	41,312,637	11.888	10,174,								

TABLE NO. 18

SUMMARY ANALYSIS

ONTARIO HOSPITALS

(Source—Ontario Department of Health)

Fiscal Year	Population	Number of Hospitals	Total Patients	Total Days Stay	Staff	Operating Expenses			Average Daily cost per Patient
						Operating Cost (Dept. Health)	Repairs & Incidentals (Dept. Public Works)	Total Operating Cost	
1927	3,219,000	12	11,722	—	1,640	\$3,590,632.03	\$ —	\$3,590,632.03	\$ —
1928	3,278,000	12	11,958	—	1,750	4,366,134.11	—	4,266,134.11	—
1929	3,334,000	12	12,271	—	1,926	4,300,929.94	—	4,300,929.94	—
1930	3,388,000	12	12,501	2,536,796	2,078	4,653,856.02	—	4,653,856.02	1.28
1931	3,432,000	12	13,191	3,676,254	2,137	4,675,509.48	—	4,675,509.48	1.24
1932	3,475,000	12	14,165	3,897,214	2,221	4,354,006.14	—	4,354,006.14	1.08
1933	3,564,000	11	14,406	4,126,393	2,285	4,261,282.96	—	4,261,282.96	1.00
1934	3,629,000	11	15,310	4,310,994	2,338	4,999,621.71	—	4,999,621.71	1.13
1935 (x)	3,673,000	11	—	—	2,433	1,912,155.03	12,632.87	1,924,787.90	—
1936	3,690,000	12	15,539	4,560,660	2,249	4,110,753.87	24,446.00	4,135,200.87	.88
1937	3,711,000	12	17,316	4,755,351	2,484	4,328,518.72	40,729.12	4,369,247.84	.90

Fiscal Year	INCOME					COST TO PROVINCE				
	Patients Maintenance	% of Expenditure	Sale of Produce etc.	% of Expenditure	Perquisites	Total Income	% of Expenditure	Amount	% Total Operating Cost	Per Caput (Population)
1927	\$ 819,846.79	22.83%	\$ 68,437.32	1.91%	\$200,966.47	\$108,926.59	30.34%	\$2,501,982.11	61.66%	\$.7771
1928	824,954.17	19.34	89,901.22	2.11	314,315.45	1,259,200.84	29.52	3,006,933.27	70.44	.9173
1929	853,025.54	19.83	101,581.37	2.36	305,000.00	1,319,606.91	30.68	2,981,323.03	69.32	.8942
1930	962,272.70	20.63	93,383.04	2.01	374,799.68	1,430,455.48	30.71	3,223,400.54	69.26	.9350
1931	962,272.70	19.95	76,839.30	1.64	338,362.65	1,348,188.27	28.83	3,327,321.21	71.17	.8665
1932	925,348.84	21.25	56,266.52	1.29	312,228.16	1,293,873.52	29.71	3,060,132.92	72.76	.8790
1933	831,739.29	19.52	45,321.24	1.06	283,696.63	1,160,737.16	26.14	3,492,405.83	73.86	1.0175
1934	996,938.29	19.94	50,188.78	1.00	269,628.81	472,295.28	24.53	1,453,302.62	75.17	.7756
1935 (x)	316,292.94	16.43	18,706.50	1.03	136,196.84	1,273,108.64	30.79	2,863,097.23	69.21	.8096
1936	971,235.41	23.49	47,634.60	1.15	254,180.63	1,364,983.62	31.23	3,001,204.22	68.77	.8096
1937	1,038,235.46	23.76	60,909.16	1.31	265,839.00	—	—	—	—	—

(x)—Five month's period.

TABLE NO. 1

GENERAL HOSPITALS
INCLUDING RED CROSS AND CONVALESCENT HOSPITALS
 (Source—Ontario Department of Health)

Year	Population	Number of Hospitals	Total Bed Capacity	Number of Patients Treated	Total Days Stay	Average Days Stay	Average Number of Patients Daily	Staff		Total Operating Cost Including Interest and Sinking Fund Charges	Average Daily Cost per Patient
								Graduate and Professional	Others		
1927	3,219,000	127	10,213	180,702	2,417,369	14.5	7,171	—	—	\$ 8,150,322.77	\$3.11
1928	3,278,000	132	10,802	196,008	2,678,129	13.7	7,517	—	—	8,876,704.76	3.31
1929	3,334,000	136	11,961	212,376	2,933,905	13.8	8,038	1,169	7,281	10,282,661.94	3.50
1930	3,386,000	139	12,886	218,753	2,989,409	13.7	8,199	1,372	8,167	10,937,287.21	3.65
1931	3,432,000	140	13,578	220,106	3,004,929	13.7	8,232	1,444	7,841	10,737,546.89	3.57
1932	3,475,000	145	13,735	222,645	2,991,019	13.4	8,172	1,535	7,891	10,222,439.57	3.42
1933	3,564,000	142	13,584	222,112	2,997,373	13.5	8,312	1,671	7,583	9,862,108.12	3.29
1934	3,629,000	143	12,644	231,510	3,144,202	13.6	8,614	1,918	7,690	10,087,792.51	3.21
1935	3,673,000	146	13,859	247,762	3,294,763	13.3	9,027	2,053	7,955	10,624,823.20	3.22
1936	3,690,000	147	14,211	260,877	3,396,306	13.0	9,277	2,220	8,209	11,361,166.91	3.35
1937	3,711,000	152	14,691	275,101	3,489,238	12.7	9,509	2,408	8,416	11,906,947.80	3.41

Year	Income from Patients		Income from Property Investments, etc.		Donations and Bequests		Income from Municipalities				Provincial Grants				Total Income
	Amount	%	Amount	%	Amount	%	Grants for Patients Maintenance	Other Grants	Total	%	Amount	Per Caput (Population)	% of Income	% of Total Operating Cost	
1927	\$5,582,411.58	61.50	\$182,113.09	2.11	\$877,128.11	10.11	\$1,310,645.35	\$ —	\$1,310,645.35	15.15	\$ 701,333.50	\$ 2.179	8.10	8.60	\$ 8,653,931.63
1928	6,276,635.08	67.16	181,000.49	1.94	601,821.23	7.08	1,454,635.33	—	1,454,635.33	15.56	772,313.89	2.256	8.26	8.70	9,546,379.02
1929	7,574,046.17	69.51	371,299.30	3.28	789,285.06	6.97	1,566,012.61	69,118.65	1,635,461.46	14.15	919,230.70	2.817	8.39	9.23	11,319,322.09
1930	7,961,321.16	66.96	254,387.37	2.14	845,884.97	7.11	1,756,361.52	192,376.50	1,857,838.02	15.62	971,947.00	2.869	8.17	8.89	11,894,378.52
1931	7,705,636.30	61.49	268,640.71	2.37	710,683.71	6.27	1,972,879.39	16,078.32	1,988,957.71	17.56	1,054,134.43	3.071	9.31	9.82	11,328,052.86
1932	6,126,579.42	59.39	266,543.70	2.46	603,281.52	5.57	2,275,999.53	37,321.78	2,413,121.31	22.30	1,059,432.22	2.973	10.20	10.74	10,384,714.70
1933	5,611,437.13	34.32	226,233.13	2.18	512,397.23	4.93	2,034,237.10	10,577.59	2,045,214.69	28.36	1,059,432.22	2.973	10.20	10.74	10,384,714.70
1934	5,904,419.37	33.53	250,280.63	2.27	554,313.18	5.02	2,769,506.17	32,615.55	3,092,121.72	28.03	1,230,302.80	3.390	11.15	12.20	11,639,867.70
1935	6,329,100.31	54.07	231,589.56	1.98	623,288.38	5.33	2,877,433.18	394,550.06	3,181,983.24	27.22	1,332,833.97	3.629	11.40	12.54	11,689,794.56
1936	6,807,231.86	56.67	241,342.50	2.01	567,773.19	4.73	2,836,617.28	295,402.21	3,042,019.49	25.33	1,253,212.24	3.367	11.26	11.91	12,011,609.25
1937	7,137,301.32	59.00	260,324.30	2.22	619,719.64	5.15	2,780,308.96	241,114.97	3,061,423.93	24.29	1,176,636.36	3.171	9.31	9.88	12,603,465.53

TABLE NO. 20

HOMES FOR INCURABLES (Source—Ontario Department of Health)

Year	Population	Number of Hospitals	Total Bed Capacity	Number of Patients Treated	Total Days Stay	Average Days Stay	Average Number of Patients Daily	Staff		Total Operating Cost Including Interest and Sinking Fund Charges	Average Daily Cost per Patient
								Graduate and Professional	Others		
1927	3,219,000	6	559	738	198,471	270.7	544	---	---	\$351,236.88	\$1.77
1928	3,278,000	6	797	840	199,625	236.9	544	---	---	464,032.27	2.03
1929	3,334,000	6	770	1,002	239,322	238.8	656	41	299	593,540.65	2.10
1930	3,388,000	6	777	1,405	242,542	231.2	664	42	335	524,281.28	2.16
1931	3,432,000	6	778	1,045	269,492	257.9	738	62	305	512,532.65	1.98
1932	3,475,000	7	902	1,147	281,262	245.2	768	129	293	519,589.60	1.83
1933	3,564,000	7	972	1,307	310,297	237.4	850	173	292	537,285.34	1.80
1934	3,629,000	7	995	1,434	336,423	230.4	905	108	384	552,759.42	1.67
1935	3,673,000	7	1,011	1,461	348,746	238.7	955	127	421	589,567.44	1.69
1936	3,699,000	7	1,033	1,491	354,854	238.0	970	128	414	613,774.41	1.73
1937	3,711,000	7	1,048	1,558	360,436	231.3	988	130	406	612,119.21	1.70

Year	Income from Patients		Income from Property Investments, etc.		Donations and Bequests		Income from Municipalities			Provincial Grants			% of Total Operating Cost	Total Income
	Amount	%	Amount	%	Amount	%	Grants for Patients Maintenance	Other Grants	Total	Amount	Per Caput (Population)	% of Income		
1927	\$ 68,777.61	16.27	\$21,133.20	5.00	\$40,859.87	9.67	\$199,040.90	—	\$199,040.90	\$12,966.50	\$3.28	21.98	26.15	\$122,718.08
1928	74,031.41	16.57	30,711.54	6.87	31,425.14	7.03	205,268.75	—	205,268.75	165,423.80	\$32	21.59	26.09	146,869.54
1929	87,916.57	16.91	11,846.26	2.70	43,937.32	8.00	265,051.59	—	265,051.59	137,421.00	\$42	25.02	27.29	549,172.74
1930	105,153.88	17.31	16,629.62	2.73	52,176.52	8.66	286,133.81	—	286,133.81	118,228.00	\$30	21.11	28.11	699,134.24
1931	102,807.87	16.18	30,870.98	4.65	34,868.11	5.49	311,047.25	—	311,047.25	158,954.40	\$41	24.54	29.29	635,578.61
1932	106,121.94	15.59	30,043.58	4.40	40,230.70	5.89	338,161.33	—	338,161.33	167,811.60	\$43	24.68	29.67	682,672.15
1933	112,067.34	16.20	14,105.94	2.04	44,029.76	6.37	361,512.41	—	361,512.41	170,937.56	\$44	24.14	29.70	691,673.01
1934	95,468.05	13.20	35,575.97	4.92	53,456.34	7.39	363,488.38	—	363,488.38	175,736.50	\$48	22.27	29.81	759,140.52
1935	108,299.55	13.72	15,299.28	1.94	71,414.11	9.05	386,331.08	30,000.00	416,331.08	185,329.00	\$52	23.13	30.18	740,071.99
1936	107,927.58	13.65	30,610.53	3.87	73,897.47	9.28	404,727.82	—	404,727.82	185,329.00	\$52	23.13	30.18	740,071.99
1937	107,602.26	14.60	26,706.08	3.61	53,301.82	7.24	404,727.82	—	404,727.82	114,839.58	\$30	19.65	21.65	747,237.26

TABLE NO. 21

SANATORIA FOR CONSUMPTIVES
(Source—Ontario Department of Health)

Year	Population	Number of Hospitals	Total Bed Capacity	Number of Patients Treated	Total Days Stay	Average Days Stay	Average Number of Patients Daily	Staff		Total Operating Cost Including Interest and Sinking Fund Charges	Average Daily Cost per Patient
								Graduate and Professional	Others		
1927	3,219,000	10	1,857	3,576	574,250	160.6	1,573	—	—	\$ 1,330,328.68	\$2.42
1928	3,278,000	10	1,971	3,835	765,559	199.0	2,082	—	—	1,456,309.61	1.90
1929	3,334,000	10	2,184	4,001	690,387	172.5	1,893	177	807	1,645,935.82	2.24
1930	3,386,000	10	2,363	4,279	768,222	179.5	2,105	208	880	1,707,315.45	2.53
1931	3,432,000	11	2,372	4,490	820,871	182.3	2,249	219	900	1,735,081.29	2.11
1932	3,475,000	12	2,898	4,777	881,838	184.6	2,400	259	1,009	1,764,064.44	2.09
1933	3,564,000	12	3,146	5,434	1,021,461	188.3	2,799	320	1,113	1,993,511.26	1.95
1934	3,629,000	12	3,118	5,551	1,005,862	188.6	2,919	357	1,144	2,129,761.61	1.93
1935	3,673,000	13	3,208	5,881	1,083,107	184.2	2,967	421	1,195	2,221,122.75	2.05
1936	3,680,000	14	3,290	5,933	1,091,684	184.0	2,983	433	1,139	2,307,715.93	2.11
1937	3,711,000	14	3,313	6,006	1,075,363	179.0	2,946	408	1,211	2,329,355.67	2.17

Year	Income from Patients		Income from Property Investments, etc.		Donations and Bequests		Income from Municipalities				Provincial Grants				Total Income
	Amount	%	Amount	%	Amount	%	Grants for Patients Maintenance	Other Grants	Total	%	Amount	Per Caput (Population)	% of Income	% of Total Operating Cost	
1927	\$217,239.85	11.66	\$ 50,889.44	3.43	\$130,475.86	8.81	\$ 680,583.60	\$ —	\$ 680,583.60	45.93	\$402,463.60	\$ 1.250	27.16	30.25	\$1,381,632.25
1928	201,946.80	11.11	71,387.90	1.20	188,692.25	11.23	842,102.38	—	842,102.38	47.85	452,521.40	1.380	25.57	31.07	1,569,639.83
1929	421,546.91	23.30	113,823.63	6.29	120,307.20	6.65	633,622.42	17,176.57	650,798.99	57.56	475,779.77	1.427	36.30	30.78	1,890,656.32
1930	452,156.39	21.82	122,020.36	5.98	111,616.92	6.84	824,995.17	—	824,995.17	39.87	329,038.50	1.362	35.54	30.99	2,071,775.81
1931	398,265.71	18.47	131,170.90	6.04	141,498.03	6.66	916,532.56	2,227.54	918,760.10	42.61	566,131.59	1.656	26.27	32.65	2,156,136.81
1932	340,965.07	14.94	138,391.73	5.96	135,398.39	5.93	1,031,062.05	—	1,031,062.05	45.16	639,486.27	1.840	28.61	26.20	2,282,003.51
1933	374,139.07	14.27	125,736.94	5.06	116,841.38	4.71	1,215,063.75	—	1,215,063.75	48.94	670,769.82	1.882	24.02	33.65	2,482,607.96
1934	230,130.16	11.37	128,207.39	4.97	91,648.95	3.85	1,293,710.09	18,606.00	1,312,316.09	50.30	752,901.01	1.773	29.20	30.30	2,378,215.63
1935	270,675.52	10.30	135,836.30	5.21	108,879.48	4.18	1,328,804.39	19,348.77	1,348,153.16	51.75	711,538.38	1.914	28.47	33.41	2,604,779.84
1936	268,606.51	10.10	151,310.81	5.69	122,681.41	4.61	1,364,143.40	22,261.20	1,386,404.60	51.00	769,506.82	2.061	28.60	32.25	2,651,500.34
1937	303,962.65	11.63	141,233.60	5.50	132,443.30	5.18	1,314,556.94	3,830.44	1,318,387.38	51.15	679,914.35	1.915	26.11	28.80	2,567,141.25

TABLE NO. 21

PROVINCIAL AND MUNICIPALITIES EXPENDITURE OF MOTHERS' ALLOWANCES

(Source—Ontario Department of Welfare)

Fiscal Year	ONTARIO'S SHARE					Municipalities			Total Cost	BENEFICIARIES		
	Administration	%	Allowances	Total		Share Allowances	Allowances	Mothers		Children	Total	
1920	\$ 8,502	50%	\$ —	\$ 8,502		\$ —	\$ —	\$ 8,502				
1921	77,054	"	420,080	497,134	50%	354,624	1,774,605	851,659	2,660	8,271	10,931	
1922	75,624	"	748,012	823,636	"	631,280	1,451,017	1,451,017	3,580	10,922	14,481	
1923	74,472	"	871,772	946,244	"	735,726	1,607,499	1,681,971	3,870	11,791	15,661	
1924	72,384	"	926,318	998,702	"	781,760	1,708,079	1,780,463	4,058	12,000	16,058	
1925	71,647	"	970,935	1,042,583	"	810,740	1,781,676	1,855,323	5,007	14,577	19,584	
1926	73,473	"	1,021,279	1,094,753	"	855,605	1,876,885	1,930,358	5,215	15,115	20,330	
1927	73,770	"	1,094,211	1,167,982	"	913,345	2,007,557	2,081,327	5,546	16,060	21,606	
1928	77,438	"	1,192,229	1,269,667	"	1,026,597	2,190,597	2,268,035	5,076	17,328	22,304	
1929	77,894	"	1,244,738	1,322,632	"	1,062,150	2,306,888	2,384,782	6,411	18,605	25,016	
1930	83,890	"	1,284,457	1,368,348	"	1,084,742	2,369,199	2,453,090	6,712	19,620	26,332	
1931	86,497	"	1,392,676	1,479,174	"	1,181,468	2,574,144	2,600,642	7,167	20,906	28,063	
1932	83,085	"	1,465,162	1,538,187	"	1,234,624	2,689,727	2,772,812	7,418	21,468	28,886	
1933	81,534	"	1,516,161	1,597,696	"	1,285,710	2,801,672	2,883,407	7,653	22,068	29,721	
1934	82,110	"	1,640,257	1,722,368	"	1,386,897	3,020,155	3,108,265	8,144	23,171	31,315	
1935 (\$ mos.)	29,824	"	747,886	777,710	"	694,194	1,382,981	1,411,905	7,875	22,417	30,292	
1936	80,151	"	2,132,489	2,213,641	"	1,813,326	3,946,816	4,026,967	11,189	26,697	37,886	
1937	85,274	"	2,477,971	2,563,246	"	2,104,553	4,582,524	4,667,709	12,856	28,700	41,556	
1938 (Estimated)	109,800	100%	5,032,000	5,141,800	—	—	5,032,000	5,141,800	12,407	29,124	41,531	

TABLE NO. 23

WELFAREAGED

PERSONS—65-69 YEARS OF AGE
 70 & over “ “ “
 WITH PERCENTAGES OF TOTAL

(Source—Dominion Bureau of Statistics in part)

Year	Total of all Ages	65-69 Years of Age			70 and Over Years of Age			65 & over
		Number	Percentage of total	Increase	Number	Percentage of Total	Increase	Percent- age
881	1,926,922	29,661	1.539	—	44,883	2.329	—	3.868
891	2,114,321	37,752	1.785	.246	58,752	2.708	.379	4.493
901	2,182,947	47,135	2.159	.374	73,102	3.348	.640	5.507
911	2,527,292	54,643	2.162	.003	87,657	3.468	.120	5.630
921	2,933,662	69,645	2.374	.212	102,286	3.486	.018	5.860
931	3,431,683	92,711	2.702	.328	141,383	4.120	.634	6.822

TABLE NO. 24

DOMINION, PROVINCIAL, AND MUNICIPALITIES EXPENDITURES ON OLD AGE PENSIONS

(Source—Ontario Department of Welfare)

Fiscal Year	Ontario's Share				Municipalities			Dominion Government Share Pensions	Other Provinces Share Pensions	Total Pensions	Total Cost	Number of Pen- sioners
	Administration	%	Pensions	Total	%	Share Pensions	%					
1929	\$13,017	—	\$ —	\$ 13,017	—	\$ —	—	\$ —	\$ —	\$ —	\$ 13,017	—
1930	42,588	30%	2,078,061	2,120,649	20%	1,207,656	50%	3,270,583	15,752	6,572,054	6,615,642	34,066
1931	56,259	"	2,759,746	2,816,005	"	1,593,520	"	4,349,612	33,573	8,736,452	8,792,712	40,401
1932	70,330	15%	1,443,355	1,513,686	10%	825,490	75%	6,805,052	16,163	9,090,061	9,160,392	41,658
1933	76,195	"	1,474,896	1,551,091	"	849,873	"	6,992,780	21,019	9,338,569	9,414,764	45,229
1934	78,545	"	1,573,733	1,652,279	"	908,768	"	7,455,903	30,050	9,968,457	10,047,002	48,093
1935 (5 mos.) ..	26,168	"	687,087	713,256	"	403,379	"	3,307,599	15,261	4,413,327	4,439,496	50,771
1936	46,152	"	1,770,885	1,817,037	"	1,026,926	"	8,419,358	31,536	11,248,706	11,294,859	54,040
1937	51,290	"	1,882,713	1,934,003	"	1,089,401	"	8,926,210	30,483	11,928,808	11,980,099	55,950
1938 (Estimate)	107,200	25%	3,172,500	3,279,700	—	—	75%	9,517,500	—	12,690,000	12,797,200	57,531

TABLE NO. 25

DIRECT RELIEF
CALENDAR YEARS, 1930-1937

								"Man-
	Total	Dominion	%	Province	%	Municipal	%	Months"
1930	\$ 265,274	\$ 90,303	34.04	\$ 90,304	34.04	\$ 84,667	31.92	
1931	3,927,694	1,321,116	33.64	1,321,115	33.64	1,285,463	32.72	
1932	15,666,070	5,483,125	35.00	6,266,428	40.00	3,916,517	25.00	
1933	28,564,936	10,435,741	36.53	11,173,611	39.12	6,955,584	24.35	
1934	33,176,574	10,296,107	31.04	15,726,211	47.40	7,154,256	21.56	
1935	36,565,058	7,650,000	20.92	20,772,005	56.81	8,143,053	22.27	
1936	30,899,340	10,647,000	34.46	12,638,820	40.90	7,614,666	24.64	4,102,497
1937	22,313,807	7,044,750	31.57	10,064,266	45.10	5,204,791	23.33	2,877,398
	<u>\$171,379,899</u>	<u>\$ 52,968,142</u>	<u>30.91</u>	<u>\$ 78,052,760</u>	<u>45.54</u>	<u>\$ 40,358,997</u>	<u>23.55</u>	
1938 (a).. <td>\$ 6,520,000</td> <td>\$ 1,395,000</td> <td>21.40</td> <td>\$ 2,939,868</td> <td>45.09</td> <td>\$ 2,185,132</td> <td>33.51</td> <td>760,000</td>	\$ 6,520,000	\$ 1,395,000	21.40	\$ 2,939,868	45.09	\$ 2,185,132	33.51	760,000

(a) 3 months estimated.

**WELFARE
STATEMENT OF UNEMPLOYMENT RELIEF
Showing Dominion's Province's and Municipal Shares
(Source—Ontario Department of Public Welfare)**

TABLE NO. 26
NOTE—(1) Dominion, Province, Municipal
(2) Province only

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
TOTAL COST—													\$ 265,274
1930	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	3,227,694
1931	—	—	—	—	—	—	—	—	—	—	—	—	15,866,070
1932	2,079,142	2,632,531	2,971,471	2,401,250	2,280,911	1,900,953	1,919,016	1,944,546	2,027,540	2,233,662	2,237,010	3,113,334	28,964,536
1933	2,900,278	3,216,305	3,148,092	2,951,250	2,871,355	2,360,855	2,007,938	2,169,191	2,065,796	2,730,564	3,042,935	3,413,312	33,176,574
1934	3,519,282	3,325,941	3,389,226	3,303,516	3,114,465	2,720,554	2,721,234	2,567,188	2,150,327	2,619,389	3,064,327	3,649,129	36,963,035
1935	3,413,378	3,384,367	3,766,891	3,904,636	3,513,331	2,905,541	1,910,616	1,896,015	1,233,050	2,073,502	2,325,310	2,734,302	30,890,340
1937	2,506,220	2,592,858	2,716,972	2,414,730	1,847,847	1,478,581	1,329,614	1,280,782	1,229,896	1,351,524	1,679,424	2,047,347	22,325,776
SHARES—													
Dominion—													
1933	777,473	971,158	1,008,491	880,403	829,181	713,639	689,759	674,738	718,577	823,512	1,110,251	1,168,359	10,435,711
1934	1,096,583	1,191,898	1,304,491	1,055,360	1,055,360	807,224	755,887	600,000	600,000	600,000	600,000	600,000	10,296,107
1935	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	7,650,000
1936	1,050,000	1,050,000	1,050,000	892,500	892,500	892,500	892,500	892,500	892,500	892,500	892,500	892,500	10,647,000
1937	803,250	803,250	803,250	600,000	600,000	600,000	480,000	480,000	480,000	480,000	465,000	465,000	7,044,750
Province—													
1935	794,400	990,388	1,116,112	995,945	865,093	755,003	748,785	774,930	810,518	918,488	1,206,603	1,277,906	11,173,611
1934	1,191,548	1,308,701	1,434,740	1,248,496	1,107,561	1,011,548	863,857	1,126,129	1,078,646	1,541,188	1,805,059	2,039,754	15,720,211
1935	2,187,488	2,040,548	2,063,219	1,973,260	1,923,524	1,592,887	1,571,550	1,811,668	1,166,207	1,518,532	1,882,401	1,887,573	21,587,920
1936	1,705,942	1,670,067	1,988,693	1,181,330	1,121,607	608,556	541,595	551,498	586,305	661,480	814,783	1,228,844	12,536,702
1937	1,118,453	1,197,938	1,286,503	1,264,319	840,018	530,579	518,105	451,160	461,184	581,211	711,998	1,075,580	10,073,028
Municipal—													
1933	507,179	670,786	769,868	615,002	586,637	522,252	490,171	480,277	498,435	411,652	620,066	695,554	6,955,584
1934	621,141	715,703	709,862	617,293	687,136	632,083	560,194	533,071	607,110	889,427	637,575	773,558	7,154,256
1935	731,794	679,393	736,007	730,247	621,121	637,667	549,684	512,820	114,120	300,468	581,883	711,556	7,327,132
1936	657,436	668,290	730,108	827,866	708,224	564,488	492,209	482,167	549,085	705,773	707,275	692,298	7,715,038
1937	584,518	591,070	627,219	559,411	407,829	348,002	331,200	299,580	280,708	305,313	372,766	508,767	5,207,998
PERCENTAGE PAID BY—													
Dominion—													
1933	37.39	36.89	30.59	36.66	36.35	35.84	34.90	35.21	35.44	36.87	27.80	37.18	36.54
1934	37.89	37.06	37.53	35.76	37.50	34.19	38.94	27.79	29.05	21.97	19.72	17.58	31.02
1935	17.65	18.04	17.79	18.16	19.08	22.05	22.05	20.29	27.99	22.91	19.58	28.77	20.92
1936	30.76	30.93	27.86	30.73	35.51	42.59	42.06	43.73	41.42	38.74	34.54	29.18	34.46
1937	32.05	30.98	29.56	24.85	32.47	40.58	38.10	39.00	39.03	34.40	29.44	22.71	31.55
Province—													
1933	38.21	37.63	37.62	37.72	37.93	37.52	39.54	39.79	39.97	41.11	41.08	40.65	39.12
1934	40.96	40.69	41.58	42.30	38.57	42.84	42.52	52.15	51.24	66.44	59.33	79.76	47.40
1935	62.16	61.53	60.89	59.73	61.16	58.56	57.76	62.37	51.44	67.97	61.43	51.72	59.04
1936	49.98	49.28	62.77	40.77	36.31	29.04	32.18	30.02	30.24	32.08	35.68	15.11	40.57
1937	44.63	46.20	47.35	52.36	45.40	35.83	38.59	36.69	35.14	43.01	46.96	52.14	45.12
Municipal—													
1933	24.39	25.48	25.88	25.61	25.72	26.23	25.56	25.00	24.59	22.01	21.11	12.17	24.35
1934	21.35	22.25	20.59	21.94	23.93	22.96	19.43	20.05	10.71	21.59	20.85	22.68	21.50
1935	20.79	20.43	21.71	22.11	19.76	19.40	20.30	17.34	19.64	19.12	18.92	20.10	20.01
1936	19.26	19.49	23.37	23.59	28.18	28.37	25.77	26.25	29.74	24.21	30.47	25.41	24.97
1937	23.22	22.82	23.60	22.79	22.07	23.54	24.91	24.34	22.83	22.59	23.00	24.85	23.33
NUMBER OF PERSONS—													
1933	429,395	450,438	485,040	449,697	399,018	345,940	363,625	344,072	346,291	367,654	416,332	444,070	4,407,070
1934	429,913	428,345	434,170	399,357	378,713	320,569	280,741	315,942	306,290	355,134	392,726	420,194	4,407,070
1935	429,913	428,345	434,170	399,357	378,713	320,569	280,741	315,942	306,290	355,134	392,726	420,194	4,407,070
1936	431,715	441,617	433,262	404,476	349,662	313,789	293,655	276,424	273,400	276,425	291,043	316,799	3,167,799
1937	340,498	342,252	331,843	314,557	257,229	207,891	179,414	168,167	163,487	166,648	186,235	219,800	2,198,800
RECIPIENTS—PER CAPITA COST—													
1933	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)	(1) (2)
1934	6.73 2.76	7.51 3.06	6.12 2.30	5.34 2.01	5.70 2.16	5.69 2.16	5.28 2.09	5.65 2.25	5.86 2.34	6.04 2.48	7.05 2.90	7.03 2.88	8.12 4.85
1935	8.25 3.13	8.33 3.12	6.11 4.91	6.13 4.83	7.70 4.70	7.22 4.23	7.64 4.36	8.84 5.51	6.44 3.32	7.71 4.47	8.57 5.20	9.30 4.78	8.60 3.88
1936	7.91 3.95	7.69 3.80	8.70 4.59	7.18 2.93	7.19 2.61	6.68 1.99	6.61 2.09	6.66 2.09	7.09 2.14	7.50 2.49	7.99 2.80	8.60 3.88	8.60 3.88
1937	7.30 3.28	7.58 3.50	8.11 3.81	7.08 4.02	7.18 3.27	7.11 2.55	7.41 2.89	7.41 2.72	7.52 2.87	8.11 3.48	8.48 3.98	9.31 4.88	8.60 3.88

TABLE NO. 27

SUMMARY OF HIGHWAY EXPENDITURES1903-1937

	Ordinary	Capital	Total Spent	Other Than Dept.	Total Dept. Share	% of Total Paid by Dept.	% of Total Pd. by Others
King's Highways	\$ 38,601,958	\$138,698,240	\$177,300,198	\$ 46,724,038	\$130,576,160	73.65	26.35
County Roads	40,397,180	90,370,532	130,767,712	69,137,636	61,630,076	47.13	52.87
Twps. & Indian Res. ..	35,499,305	28,829,277	64,328,582	43,111,697	21,216,885	32.98	67.02
Northern Dev. Roads ..	25,671,523	106,693,464	132,364,987	17,342,590	115,022,397	86.90	13.10
Colonization Roads	92,254,469	12,847,964	22,073,433	4,363,119	17,710,314	80.23	19.77
	<u>149,395,435</u>	<u>377,439,477</u>	<u>526,834,912</u>	<u>180,679,080</u>	<u>346,155,832</u>	<u>65.70</u>	<u>34.30</u>

The foregoing statement does not include expenditures made by the Toronto and Hamilton Highways Commission, but it does include the expenditure on the Toronto-Hamilton Highway after that road was taken over by the Province as a King's Highway.

TABLE NO. 28

EXPENDITURE BY DEPARTMENT OF HIGHWAYS, ONTARIO,
ON KING'S HIGHWAYS

Years	Capital	Total Maintenance	Total Expenditure	Other Contributions	Total Department's Share	% of Total Paid by Province
1903-1920....	\$ 5,707,376	\$ 1,232,784	\$ 6,940,159	\$ 84,826	\$ 6,855,334	98.8
1921....	8,373,362	1,944,902	10,318,264	2,365,876	7,952,387	77.1
1922....	10,413,330	2,214,849	12,628,179	3,899,980	8,728,199	69.1
1923....	14,453,596	3,114,779	17,568,374	1,882,447	15,685,927	89.0
1924....	5,285,105	1,809,885	7,094,989	4,368,047	2,726,942	38.4
1925....	6,641,422	2,344,485	8,985,907	6,621,254	2,364,653	26.0
1926....	5,301,673	1,981,767	7,283,439	2,417,397	4,866,043	66.8
1927....	7,332,983	2,409,934	9,742,917	1,862,087	7,880,830	81.0
1928....	9,783,444	2,494,695	12,278,139	2,214,765	10,063,374	81.0
1929....	10,659,313	2,616,085	13,275,399	2,524,217	10,951,182	81.0
1930....	11,762,629	2,889,901	14,652,530	3,644,306	11,008,224	75.0
1931....	11,093,184	2,310,971	13,404,155	3,369,308	10,034,847	75.0
1932....	6,692,582	1,752,121	5,444,704	3,438,322	5,006,381	59.3
1933....	4,375,317	1,377,474	5,752,791	2,673,600	3,079,190	53.5
1934....	11,161,746	2,171,534	13,333,281	1,511,640	11,821,640	88.6
1935....	1,801,477	919,842	2,721,319	670,973	2,050,347	75.3
1936....	3,059,080	2,276,862	5,335,942	1,798,533	3,537,408	66.3
March 31st, 1937....	4,800,623	2,739,087	7,539,709	1,376,460	6,163,250	82.0
	<u>\$138,698,240</u>	<u>\$38,601,958</u>	<u>\$177,300,198</u>	<u>\$46,724,038</u>	<u>\$130,576,160</u>	

Note: The foregoing statement does not include expenditures made by the Toronto and Hamilton Highway Commission, but it does include the expenditure on the Toronto-Hamilton Highway after that road was taken over by the Province as a King's Highway.

TABLE NO. 29

**EXPENDITURE BY DEPARTMENT OF HIGHWAYS, ONTARIO,
ON COUNTY ROADS**

CONSTRUCTION				MAINTENANCE							
Years	Grants Paid	Provincial Grant	Paid by Counties	Total Expenditure, Construction	Provincial Grant	Paid by Counties	Total Expenditure, Maintenance	Total Paid by Department	Total Paid by Counties	Total Expenditure	% Paid by Dept.
1903-1919	1903-1920	\$ 4,827,334	\$ 9,059,402	\$13,886,735	\$ 1,683,466	\$ 1,461,404	\$ 3,144,870	\$ 6,510,800	\$10,520,805	\$ 17,031,605	38.23
1920	1921	2,726,450	3,007,479	5,733,929	908,817	1,314,118	2,222,934	3,635,267	4,321,596	7,956,864	45.69
1921	1922	3,776,897	4,436,195	8,213,092	1,333,321	1,531,875	2,865,196	5,110,217	5,968,071	11,078,288	46.13
1922	1923	3,193,403	3,712,591	6,905,995	1,064,468	1,192,029	2,256,497	4,257,871	4,904,620	9,162,492	46.47
1923	1924	2,563,544	2,717,106	5,280,651	854,515	1,268,345	2,122,859	3,418,059	3,985,451	7,403,510	46.17
1924	1925	2,410,338	2,164,362	4,574,699	803,446	1,483,306	2,286,752	3,213,784	3,647,668	6,861,452	46.84
1925	1926	2,416,575	2,143,161	4,559,736	805,525	1,243,170	2,048,695	3,222,100	3,386,331	6,608,431	48.76
1926	1927	1,832,329	2,132,412	3,964,741	1,046,396	827,308	1,873,704	2,878,725	2,959,720	5,838,445	49.30
1927	1928	2,546,668	2,607,769	5,154,437	1,193,776	1,076,252	2,270,028	3,740,444	3,684,021	7,424,465	50.38
1928	1929	3,064,587	3,320,875	6,385,461	1,294,991	1,103,968	2,398,959	4,359,578	4,424,843	8,784,420	49.63
1929	1930	3,186,682	3,464,839	6,651,522	1,403,685	1,157,552	2,561,236	4,590,367	4,622,391	9,212,758	49.83
1930	1931	3,124,643	3,318,361	6,443,005	1,293,053	1,193,367	2,486,420	4,417,696	4,511,728	8,929,424	49.47
1931	1932	2,389,599	2,603,526	4,993,125	1,280,736	991,490	2,272,226	3,670,335	3,595,016	7,265,351	50.52
1932	1933	867,081	1,117,252	1,984,332	1,238,813	991,265	2,230,079	2,105,894	2,108,517	4,214,411	49.97
1933	1934	520,813	763,688	1,284,501	942,707	831,415	1,774,122	1,463,520	1,595,103	3,058,623	47.85
1934	1934-5	583,993	1,256,820	1,840,814	682,764	868,191	1,550,955	1,266,758	2,125,020	3,391,769	37.35
1935	1935-6	752,067	391,734	1,143,801	1,082,120	881,295	1,963,415	1,834,187	1,273,029	3,107,215	59.03
1936	1936-7	759,002	610,956	1,369,958	1,175,473	892,758	2,068,231	1,934,474	1,503,714	3,438,189	56.26
		\$41,542,004	\$48,828,528	\$90,370,532	\$20,088,072	\$20,309,108	\$40,397,179	\$61,630,075	\$69,137,636	\$130,767,712	47.13

Notes: County road subsidies were authorized in 1901 with grants of 33 1/3% in aid of construction only. Simcoe and Wentworth counties received this subsidy in 1903 and the other 35 organized counties were lined up gradually, the last county to receive subsidy being Peterboro for the year 1919.

For work done in 1916, the grant on county road construction was raised from 33 1/3% to 40% and grants of 20% in aid of maintenance work were initiated.

Included with county roads above are expenditures made during 1918 to 1924 inclusive on Provincial County Roads. The subsidy was 60% for both construction and maintenance.

For work done in 1919 the maintenance grant on county roads was raised from 20% to 40%.

At the end of 1924 the system of Provincial County Roads was abandoned.

In 1925 the County Roads systems were revised and the mileage reduced. All work done in that year on the revised system was subsidized at 50%—the present rate. Work on the old systems was subsidized at 40% for the one year.

TABLE NO. 30

EXPENDITURE BY DEPARTMENT OF HIGHWAYS, ONTARIO
ON TOWNSHIP AND INDIAN RESERVE ROADS

Year	CONSTRUCTION			MAINTENANCE						% Paid by Department
	Provincial Grant	Paid by Twps. and Indian Res.	Total Expenditure	Provincial Grant	Paid by Twps. and Indian Res.	Total Maintenance Expenditure	Total Provincial Grant	Total paid by Twps. and Indian Res.	Total Expenditure	
1920	\$ 150,268	\$ 689,869	\$ 840,137	\$ 176,401	\$ 651,626	\$ 828,027	\$ 326,669	\$ 1,341,495	\$ 1,668,164	19.57
1921	316,739	1,261,063	1,577,802	384,611	1,503,438	1,888,049	701,350	2,764,501	3,465,850	20.24
1922	307,962	1,029,944	1,337,906	361,521	1,470,680	1,832,201	669,483	2,500,624	3,170,107	21.12
1923	282,376	991,596	1,273,972	331,485	1,388,789	1,720,273	613,861	2,380,385	2,994,245	20.54
1924	293,852	957,213	1,251,065	344,956	1,516,080	1,861,037	638,080	2,473,293	3,112,101	20.53
1925	451,813	1,021,858	1,473,671	543,176	1,177,599	1,720,775	994,989	2,199,457	3,194,446	31.15
1926	597,246	1,508,176	2,105,423	723,642	1,433,942	2,157,584	1,320,889	2,942,118	4,263,007	30.98
1927	751,337	1,906,637	2,657,974	864,671	1,729,460	2,594,131	1,616,008	3,636,097	5,252,105	30.77
1928	887,379	2,119,523	3,006,902	931,775	1,772,221	2,703,996	1,819,154	3,891,744	5,713,898	31.84
1929	1,088,720	2,518,138	3,606,859	1,068,012	1,893,290	2,961,301	2,156,732	4,411,428	6,568,160	32.83
1930	1,166,631	2,106,766	3,273,397	1,183,800	1,527,320	2,711,120	2,350,430	3,634,086	5,984,516	39.50
1931	624,620	1,083,131	1,707,752	1,254,779	1,386,361	2,641,140	1,879,400	2,469,492	4,348,892	43.20
1932	377,149	688,058	1,065,206	1,014,826	1,088,332	2,103,158	1,391,975	1,776,390	3,168,365	43.93
1933	249,198	682,052	931,250	765,717	819,690	1,585,407	1,014,915	1,501,742	2,516,657	40.33
1934	131,905	1,043,664	1,175,569	490,180	1,311,279	1,801,458	622,085	2,354,943	2,977,027	20.87
1935	411,107	419,764	830,871	869,801	1,244,753	2,114,553	1,280,908	1,664,516	2,945,424	43.48
1936	481,097	232,426	713,523	1,338,134	936,960	2,275,094	1,819,231	1,169,386	2,988,617	60.87
Total	\$8,569,399	\$20,259,878	\$28,829,277	\$12,647,486	\$22,851,819	\$35,499,305	\$21,216,885	\$43,111,697	\$64,331,582	

Notes: From 1920 to 1924 subsidy was paid as follows: General work, 20%; Superintendence, 40%.

From 1925 to 1929 subsidy was increased to: General, 30%; Superintendence, 50%.

From 1930 to 1936 subsidy was increased to: General, 40%; Superintendence, 50%.

From 1937 subsidy was increased to 50% for all approved expenditure.

Under authority of R.S.O. 1927, Chapter 54, Section 46, Subsection 1, the Minister of Highways has authority to increase the subsidy from the minimum of 40% to 80%.

EXPENDITURE BY DEPARTMENT OF HIGHWAYS, ONTARIO
ON ROADS IN NORTHERN ONTARIO

TABLE NO. 31

CAPITAL

Fiscal Year	Department's Share	Other Contributions	Total	Total Maintenance Paid by Department	Total Department's Share	Other Contributions	Total	% of Total Paid by Department
1903-1920	\$ 4,551,032	\$	\$ 4,551,032	\$ 2,450,556	\$ 7,001,588	\$	\$ 7,001,588	100.0
1920-1921	915,932		915,932	493,194	1,409,126		1,409,126	100.0
1921-1922	1,101,678		1,101,678	593,211	1,694,890		1,694,890	100.0
1922-1923	1,747,298		1,747,298	940,853	2,688,151		2,688,151	100.0
1923-1924	1,917,006		1,917,006	1,032,234	2,949,240		2,949,240	100.0
1924-1925	2,197,846		2,197,846	1,183,456	3,381,302		3,381,302	100.0
1925-1926	2,428,798		2,428,798	1,307,814	3,736,612		3,736,612	100.0
1926-1927	2,344,783		2,344,783	1,598,579	3,943,362		3,943,362	100.0
1927-1928	1,991,286		1,991,286	1,927,799	3,919,084		3,919,084	100.0
1928-1929	3,342,029		3,342,029	1,729,776	5,071,805		5,071,805	100.0
1929-1930	5,175,382		5,175,382	1,808,801	6,984,183		6,984,183	100.0
1930-1931	5,932,886	1,000,000	6,932,886	1,843,237	7,776,123	1,000,000	8,776,123	88.6
1931-1932	8,271,709	4,963,470	13,235,180	1,952,659	10,224,369	4,963,470	15,187,839	67.3
1932-1933	3,787,631	90,528	3,878,159	909,746	4,697,377	90,528	4,787,905	98.1
1933-1934	20,914,562	1,992,102	22,906,663	1,818,837	22,733,398	1,992,102	24,725,500	92.0
1934-1935 (a)	8,431,806	1,089,464	9,521,270	569,977	9,001,783	1,089,465	10,091,248	89.2
1935-1936	11,100,916	4,347,019	15,447,936	2,206,655	13,307,571	4,347,019	17,654,590	75.3
1936-1937	3,198,294	3,860,006	7,058,300	1,304,140	4,502,434	3,860,006	8,362,440	53.8
	<u>\$89,350,874</u>	<u>\$17,342,590</u>	<u>\$106,693,464</u>	<u>\$25,671,523</u>	<u>\$115,022,397</u>	<u>\$17,342,590</u>	<u>\$132,364,987</u>	

(a) Five months, Nov. 1st, 1934 to March 31st, 1935

TABLE NO. 32

STATEMENT OF EXPENDITURES BY COLONIZATION ROADS BRANCH

DEPARTMENT OF NORTHERN DEVELOPMENT

FROM 1867-1937

CONSTRUCTION

MAINTENANCE

TOTAL EXPENDITURE

Fiscal Year	Paid by Department	Paid by Townships	Total	Paid by Department	Paid by Townships	Total	Paid by Department	Paid by Townships	Total	% Paid by Department
1867-1920	\$ 5,934,337	\$ 669,651	\$	\$4,045,267	\$ 446,434	\$4,491,661	\$ 9,979,564	\$1,116,085	\$11,095,649	89.94
1920-1921	303,708	107,556	411,264	247,355	71,704	319,059	551,063	179,260	730,323	75.46
1921-1922	402,705	133,566	536,271	317,582	89,044	406,626	720,287	222,611	942,897	76.39
1922-1923	496,714	161,493	658,206	391,329	107,662	498,990	888,042	269,155	1,157,197	76.74
1923-1924	268,467	136,318	404,785	213,161	90,879	304,039	481,627	227,197	708,824	67.95
1924-1925	284,646	154,021	438,666	223,194	102,681	325,875	507,840	256,701	764,541	66.43
1925-1926	177,790	60,678	238,468	144,105	40,452	184,557	321,895	101,130	423,025	76.10
1926-1927	298,913	192,055	490,968	223,262	128,037	351,298	522,175	320,092	842,267	62.00
1927-1928	215,630	87,256	302,886	168,754	58,171	226,925	384,385	145,427	529,812	72.55
1928-1929	243,339	92,261	335,600	190,775	61,508	252,282	434,114	153,769	587,883	73.84
1929-1930	353,879	148,795	502,673	266,186	99,196	365,383	620,065	247,991	868,056	71.44
1930-1931	292,617	136,855	429,473	223,714	91,237	314,951	516,331	228,092	744,424	69.36
1931-1932	260,362	143,892	404,255	205,690	95,928	301,618	228,943	136,799	365,742	62.60
1932-1933	119,422	71,575	190,998	109,278	47,717	156,995	466,052	239,821	705,873	66.02
1933-1934	125,842	82,080	207,922	103,101	54,720	157,821	228,700	119,292	347,992	65.72
1934-1935 (a).....	88,650	57,314	145,963	64,431	38,209	102,640	153,080	95,523	248,603	61.58
1935-1936	180,483	85,260	265,743	175,519	56,840	232,359	356,002	142,100	498,102	71.47
1936-1937	182,588	97,244	279,833	167,560	64,830	232,390	350,149	162,074	512,223	68.36
	\$10,230,093	\$2,617,871	\$12,847,964	\$7,480,221	\$1,745,248	\$9,225,469	\$17,710,314	\$4,363,119	\$22,073,433	

(a) Five months, Nov. 1st, 1934 to March 31st, 1935.

Notes: The above statement covers expenditures made by the Colonization Roads Branch in townships covered in the area south of the French River and north of the townships included in the statement headed "Townships and Indian Reserves."

This statement is in addition to the "Township and Indian Reserve" statement.

TABLE NO. 33

ONTARIO MUNICIPAL STATISTICS, 1913-1936

POPULATION, ASSESSMENT AND TAXATION
(All figures in thousands)

	1913	1921	1926	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
TOWNSHIPS														
Population	999	1,031	1,073	1,079	1,083	1,091	1,084	1,096	1,109	1,138	1,157	1,172	1,181	1,189
Total Taxable Assessment	\$ 669,218	747,294	775,794	781,220	788,647	798,655	798,833	814,808	814,001	811,766	805,079	789,861	801,314	807,569
School Levy	\$ 3,680	7,690	8,251	8,894	8,789	9,011	9,188	9,460	9,266	8,184	7,226	7,092	7,316	7,584
Total Tax Levy	\$ 9,190	21,336	24,500	27,882	27,599	29,339	30,583	32,090	31,139	29,101	26,518	24,826	26,653	26,888
Collections of Current Levy	\$													
Total Tax Collections	\$													
Total Tax Arrears	\$		24,683	25,394	27,729	28,825	30,705	31,066	28,974	27,108	26,511	26,147	27,302	27,193
TOWNS AND VILLAGES														
Population	527	541	568	581	587	594	589	589	600	603	609	613	598	605
Total Taxable Assessment	\$ 230,091	311,733	356,865	375,486	386,146	397,966	391,479	399,105	404,165	410,545	397,842	389,733	364,671	346,144
School Levy	\$ 2,048	4,759	5,626	5,857	6,108	6,410	6,298	6,100	6,103	6,168	5,736	5,525	5,439	5,398
Total Tax Levy	\$ 6,927	12,776	15,977	16,711	17,702	18,415	18,600	19,403	19,947	20,183	19,331	18,880	17,696	17,687
Collections of Current Levy	\$													
Total Tax Collections	\$		15,300	15,988	16,972	18,207	18,371	18,956	19,016	18,843	18,138	18,636	17,993	17,953
Total Tax Arrears	\$											10,513	8,692	8,207
CITIES														
Population	911	1,167	1,265	1,282	1,297	1,336	1,392	1,457	1,485	1,498	1,492	1,490	1,513	1,557
Total Taxable Assessment	\$ 827,955	1,361,696	1,627,192	1,650,205	1,688,127	1,718,283	1,823,731	1,719,020	1,964,986	1,985,083	1,960,812	1,836,415	1,831,821	1,765,496
School Levy	\$ 5,349	14,813	19,293	19,397	20,115	20,776	22,761	23,818	25,463	21,365	23,643	22,506	21,802	23,270
Total Tax Levy	\$ 16,833	48,906	57,465	58,647	60,775	63,057	66,615	71,238	77,571	77,201	74,479	72,551	74,117	75,513
Collections of Current Levy	\$													
Total Tax Collections	\$		54,576	55,321	58,725	60,418	67,617	70,606	74,297	75,033	72,241	72,510	76,814	76,680
Total Tax Arrears	\$											29,309	27,515	24,472
ALL MUNICIPALITIES														
Population	2,437	2,738	2,906	2,941	2,966	3,022	3,065	3,112	3,194	3,239	3,258	3,275	3,332	3,360
Total Taxable Assessment	\$1,727,231	2,410,723	2,789,851	2,806,911	2,862,920	2,911,934	3,013,865	3,126,573	3,183,152	3,207,396	3,163,733	3,016,011	3,000,836	2,912,559
School Levy	\$ 11,117	27,253	33,083	34,088	35,001	36,200	37,447	39,788	42,122	38,717	36,005	35,033	34,557	36,252
Total Tax Levy	\$ 34,260	83,018	97,912	102,146	106,076	110,811	115,787	122,731	128,677	126,435	120,431	116,257	117,466	117,888
Collections of Current Levy	\$											87,323	91,103	94,673
Total Tax Collections	\$		94,559	96,703	103,427	107,150	116,693	120,628	122,317	121,284	116,920	117,893	122,109	122,825
Total Tax Arrears	\$											56,188	55,757	47,428

* Information not available.

TABLE NO. 24

ONTARIO MUNICIPAL STATISTICS, 1913-1936
GROSS DEBENTURE DEBT AND SINKING FUNDS

(in thousands of dollars)

	1913	1921	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
TOWNSHIPS														
General purposes	\$ *	\$ *	\$ 6,509	\$ 6,137	\$ 6,746	\$ 5,913	\$ 3,674	\$ 4,399	\$ 5,715	\$ 5,854	\$ 5,550	\$ 1,206	\$ 4,055	\$ 3,348
Schools	1,561	5,238	9,254	10,258	11,625	12,130	12,194	13,508	13,642	13,224	12,824	13,034	11,547	10,968
Local improvements	*	*	8,072	9,630	16,300	17,628	21,530	24,945	26,760	25,929	22,307	29,750	20,878	16,899
Municipal utilities	*	*	7,985	8,338	8,702	7,584	7,526	8,894	8,872	9,985	9,029	9,046	11,476	8,721
Total	6,008	16,999	31,820	32,763	42,373	43,255	45,029	51,716	54,979	54,992	49,710	53,055	47,066	38,150
Sinking Funds	118	302	496	488	567	561	650	557	617	570	464	536	371	520
TOWNS AND VILLAGES														
General purposes	*	*	12,284	11,838	11,998	12,094	11,431	11,214	12,520	12,536	12,429	8,468	8,640	7,780
Schools	2,790	6,731	13,150	13,906	14,499	15,269	14,715	15,589	16,010	15,531	15,102	14,361	12,626	12,044
Local improvements	*	*	19,607	21,921	23,481	26,442	25,599	29,045	30,489	29,857	29,388	28,098	23,794	21,171
Municipal utilities	*	*	16,246	16,478	15,732	16,141	15,907	16,216	16,969	16,111	16,722	18,928	17,746	16,039
Total	25,954	43,481	61,186	64,143	65,710	68,947	67,652	71,054	74,588	74,035	73,641	70,455	62,806	57,014
Sinking Funds	1,842	1,935	2,163	1,877	1,967	1,914	1,954	2,001	2,059	1,895	1,791	1,833	1,761	1,982
CITIES														
General purposes	*	*	79,024	87,066	91,934	90,443	87,827	94,641	91,509	92,319	98,065	94,006	94,617	94,955
Schools	13,629	36,890	45,517	46,896	46,265	47,690	53,278	57,454	59,140	59,380	56,797	55,073	56,397	53,612
Local improvements	*	*	55,593	49,849	49,109	48,022	52,399	65,862	72,740	74,845	70,693	64,706	58,118	51,535
Municipal utilities	*	*	115,544	118,881	123,045	121,805	123,436	126,647	127,690	130,173	128,226	129,562	127,291	120,931
Total	117,051	246,627	295,578	300,694	310,953	307,960	316,940	344,604	351,079	357,226	353,181	343,947	336,423	321,033
Sinking Funds	21,614	51,275	52,847	53,847	58,522	60,473	64,819	56,660	56,708	55,181	53,764	53,114	53,443	54,476
COUNTIES														
General purposes	*	*	10,506	16,494	16,875	15,429	16,751	16,141	17,056	18,503	17,902	16,515	15,768	14,561
Schools	3,636	628	673	832	742	627	324	802	690	741	1,019	1,128	1,266	1,316
Total	3,636	10,506	16,494	16,875	15,429	16,751	16,141	17,056	17,056	18,503	17,902	16,515	15,768	14,561
Sinking Funds	368	628	673	832	742	627	324	802	690	741	1,019	1,128	1,266	1,316
ALL MUNICIPALITIES														
General purposes	*	*	114,312	119,917	126,106	124,261	119,080	128,120	127,701	129,712	133,946	120,195	123,080	120,624
Schools	17,991	48,863	67,921	71,062	72,389	75,089	80,187	86,562	88,782	88,144	84,723	83,068	79,870	76,824
Local improvements	*	*	83,172	80,799	87,800	91,004	96,035	119,851	129,988	130,681	121,788	123,154	102,490	88,005
Municipal utilities	*	*	139,774	141,697	148,079	145,329	146,868	150,787	152,631	156,269	163,977	157,535	156,513	146,093
Total	153,649	317,613	405,179	413,475	431,461	435,913	445,770	485,280	499,002	504,756	494,434	483,962	461,653	431,546
Sinking Funds	23,940	54,110	56,310	57,644	61,798	63,575	57,767	60,020	60,065	58,690	57,028	56,611	60,834	58,294

* Information not available.

† All for general purposes except \$11,000 in 1913, and \$5,000 in 1921.

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